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SMITHSONIAN YEAR • 1980

*Statement by the Secretary*





*Smithsonian Year • 1980*

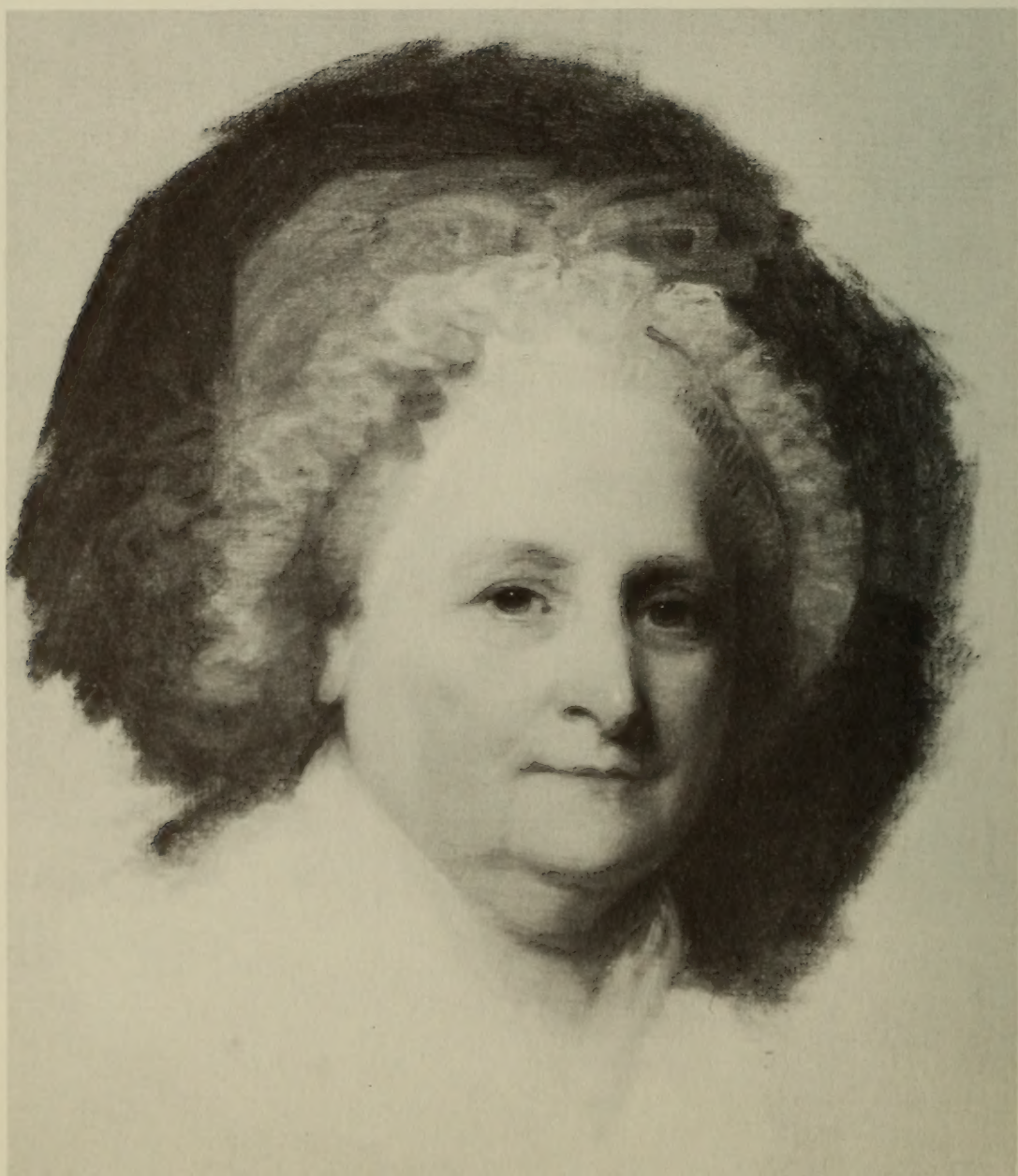
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STATEMENT BY THE SECRETARY

*Exhibits Are for Everyone*

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The Smithsonian Institution • 1980



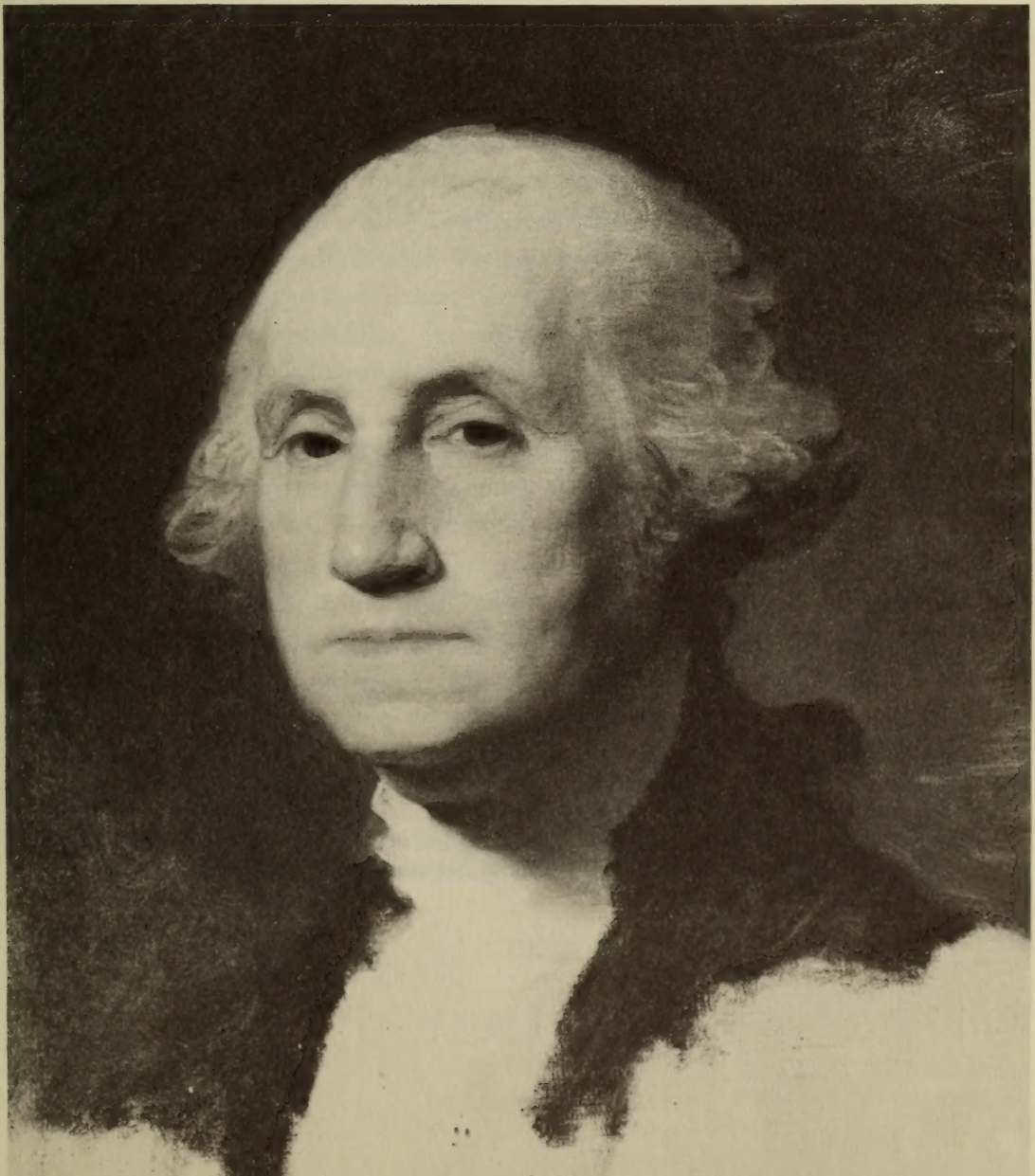


SMITHSONIAN YEAR • 1980

# *Exhibits Are for Everyone*

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S. DILLON RIPLEY

*The Smithsonian Institution • 1981*



FRONTISPIECE: Details from portraits of George and Martha Washington, painted from life by Gilbert Stuart in 1796. These famous paintings are now, by legal agreement, owned jointly by the Smithsonian Institution and the Museum of Fine Arts, Boston, to be shared for exhibition on a three-year rotation. The portraits are presently on exhibition at the National Portrait Gallery.



## *The Smithsonian Institution*

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The Smithsonian Institution was created by act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who in 1826 bequeathed his property to the United States of America "to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men." After receiving the property and accepting the trust, Congress incorporated the Institution in an "establishment," whose statutory members are the President, the Vice-President, the Chief Justice, and the heads of the executive departments, and vested responsibility for administering the trust in the Smithsonian Board of Regents.

### THE ESTABLISHMENT

Jimmy Carter, *President of the United States*

Walter F. Mondale, *Vice-President of the United States*

Warren E. Burger, *Chief Justice of the United States*

Cyrus R. Vance, *Secretary of State*<sup>1</sup>

Edmund S. Muskie, *Secretary of State*<sup>2</sup>

G. William Miller, *Secretary of the Treasury*

Harold Brown, *Secretary of Defense*

Benjamin R. Civiletti, *Attorney General*

Cecil D. Andrus, *Secretary of the Interior*

Bob S. Bergland, *Secretary of Agriculture*

Juanita M. Kreps, *Secretary of Commerce*<sup>3</sup>

Philip M. Klutznick, *Secretary of Commerce*<sup>4</sup>

F. Ray Marshall, *Secretary of Labor*

Patricia Roberts Harris, *Secretary of Health, Education, and Welfare*

Moon Landrieu, *Secretary of Housing and Urban Development*

Neil Goldschmidt, *Secretary of Transportation*

Charles W. Duncan, *Secretary of Energy*

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<sup>1</sup> Resigned April 1980. <sup>2</sup> Sworn in May 8, 1980. <sup>3</sup> Resigned November 1, 1979.

<sup>4</sup> Sworn in January 9, 1980.

## Board of Regents and Secretary • September 30, 1980

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REGENTS OF THE INSTITUTION	Warren E. Burger, <i>Chief Justice of the United States, ex officio, Chancellor</i> Walter F. Mondale, <i>Vice-President of the United States, ex officio</i> Henry M. Jackson, <i>senator from Washington</i> Barry Goldwater, <i>senator from Arizona</i> Robert B. Morgan, <i>senator from North Carolina</i> Silvio O. Conte, <i>representative from Massachusetts</i> Norman Y. Mineta, <i>representative from California</i> Frank Thompson, Jr., <i>representative from New Jersey</i> Anne L. Armstrong, <i>citizen of Texas</i> J. Paul Austin, <i>citizen of Georgia</i> William G. Bowen, <i>citizen of New Jersey</i> William A. M. Burden, <i>citizen of New York</i> Murray Gell-Mann, <i>citizen of California</i> A. Leon Higginbotham, Jr., <i>citizen of Pennsylvania</i> Carlisle H. Humelsine, <i>citizen of Virginia</i> James E. Webb, <i>citizen of the District of Columbia</i>
EXECUTIVE COMMITTEE	Warren E. Burger, <i>Chancellor</i> William A. M. Burden Carlisle H. Humelsine James E. Webb ( <i>Chairman</i> )
THE SECRETARY	S. Dillon Ripley  Phillip S. Hughes, <i>Under Secretary</i> Charles Blitzer, <i>Assistant Secretary for History and Art</i> David Challinor, <i>Assistant Secretary for Science</i> Joseph Coudon, <i>Special Assistant to the Secretary</i> Julian T. Euell, <i>Assistant Secretary for Public Service</i> James M. Hobbins, <i>Executive Assistant to the Secretary</i> Christian C. Hohenlohe, <i>Treasurer</i> John F. Jameson, <i>Assistant Secretary for Administration</i> Paul N. Perrot, <i>Assistant Secretary for Museum Programs</i> Peter G. Powers, <i>General Counsel</i> James McK. Symington, <i>Director, Office of Membership and Development</i> Lawrence E. Taylor, <i>Coordinator of Public Information</i>



*Smithsonian Year • 1980*

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STATEMENT BY THE SECRETARY





Exhibits are for everyone an exuberant and immediate means to the increase of knowledge. This costume band from New York City took part in the Caribbean Carnival parade of the annual Festival of American Folklife, presenting a show of imagination and wonder against the Castle background.



## *Exhibits Are for Everyone*

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S. DILLON RIPLEY

AT THE RISK OF BEING ACCUSED of reckless hyperbole it seems fair to state that this past year has seen the most distinguished hegira of modern times, the miraculous reappearance of President Washington and his lady in Washington, D.C. The Washingtons have come to grace our midst for three years, he calm and assured, those eyes looking out and past one into the middle distance, as if the stability of the dollar bill could never be gainsaid, she rosy-cheeked and mob-capped, epitome of the mother figure all of us associate with reassurance.

From what I have been told Washington disliked Boston, or at least is alleged to have felt uncomfortable there, certainly in 1775. In that initial year of the war he found New Englanders as officers in the Army "generally speaking the most indifferent kind of people I ever saw." Washington was in Boston on only three occasions during his lifetime and yet by the ironies of fate, Mrs. Stuart's debts, and the necessity to sell her late husband's life sketches of the Washingtons, the President and his lady had been condemned to be on display in that alleged "Athens" since 1831, having been purchased for the Boston Athenaeum's collection of art from Mrs. Stuart. Gilbert Stuart was born in Rhode Island, and the most famous of his subjects, painted from life in Philadelphia, the father figure and his consort, were Virginians to the core. How strange it was to have their likenesses hung, forlornly, for so many years in the home of the bean and the cod. When I first saw the portraits there in my childhood at the Museum of Fine Arts, that temple of the visual and plastic arts, where they had hung already for two generations, in a corridor as I recall off the entrance foyer leading to the restrooms, portraits were infinitely less thought of as works of art and testaments of history than they are today.

In 1978 the Smithsonian was visited by a delegation of responsible trustees and lawyers of the two Boston institutions, the Athenaeum and the Museum of Fine Arts, with the suggestion that we should somehow purchase the portraits for our Johnny-come-lately National Portrait Gallery, born fifty years too late. The price seemed astronomical, but we were assured it represented fair market value for these unique documents, and this was probably true. How can one set a value on the Bill of Rights, or the manuscript of the Star-Spangled Banner? These paintings, done from life, are "pieces of the true cross," as one of the National Portrait Gallery commissioners was wont to declaim. There was no real doubt in anyone's mind that Washington City had somehow come of age, become sophisticated enough to be able to provide these great paintings with an appropriate setting. But how to afford them? We did not have five million dollars, nor could we arouse interest among our benefactors, the United States Congress; they did not feel that they could afford them for us either. Great philanthropists around the country were unenthusiastic. No one wanted to join in the responsibility of bringing the father of his country home to the town named for him. Besides, the District of Columbia being a political city in spite of its cultural establishment, there were those who aspired to place the Stuart portraits in the White House, feeling this setting would reflect better on the dignity of the sitters, as well perhaps as the *réclame* of the donors.

And so the Washingtons were in limbo for the moment. The need for money for endowments of the early library society, the Boston Athenaeum, was great—but no one stepped forward from the wings. At this juncture events occurred which might well have convinced the General that his thoughts about Boston were correct. An election was coming up, and local politicians, perhaps not art connoisseurs by admission, but certainly patriots all, sprang into the lists and declared that the Washingtons, "born and bred" as who could doubt in Massachusetts, must remain there once and for all. A committee to "Save Our Stuarts" was hastily set up, and all contact with the bureaucrats in the Smithsonian was eschewed. "How dare those Feds try to steal our jewels?" was the rallying cry. "Don't we pay taxes enough already?" chorused the politicians.

The Institution sat back decorously and gracefully—and waited. The final result delights us. We now legally *share* the wonderful



portraits with Boston's Museum of Fine Arts; each of us having raised approximately half the money for the Boston Athenaeum's requirements, we each can exhibit the Washingtons for a three-year period. Strangely enough, this concept of sharing unique works of art or history is still new, little endorsed by the great art or historical museums. Pride of possession is still too strong in the hearts of curators, acquirers all. But it was a grand acquirer himself, the sometime Metropolitan Museum of Art director, Thomas Hoving, whom I recall suggesting such a program, one with which I am heartily in accord. Solomon's choice, one might say. Nonsense! Sometimes works of unique importance should be shared, if not physically divided. There is too much parsimony in the world of unique objects as it is.

Finally the Smithsonian is delighted to have the Washingtons back near home, by an agreement reached when all the shouting and exhortations died away from the bunting-draped platforms whence they apparently emanated. The nation can only be the better for this exposure to great works, and benefit from the superior evidence which President and Mrs. Washington provide.

A community of interest should be ours in the sharing as well as the acquiring and exhibiting of works of art. It is to be hoped in the future that more museums will feel this way. Exhibits are for everyone and we have been fortunate to share the Washingtons, as we are fortunate to share exhibitions. Our success here is with the Smithsonian Institution Traveling Exhibition Service, the prime outreach service in the field of art and history exhibitions that the Institution can offer. This is a far more effective service for us to manage than the oft-repeated plea that we should manage entire museums in other states. We feel it is much more effective to mount exhibitions, with all the talent we can muster, and then launch them in company with colleagues across the land. The act creates mutuality of interest, is similarly educational for everyone including a vast and growing public, and accentuates part of our mandate for "increase and diffusion." The future is with us in the development of the traveling exhibitions.

The Smithsonian Institution Traveling Exhibition Service (SITES), founded in 1952, is now the largest and most diversified agency of its kind in the world. Up to one hundred and twenty different exhibitions have been circulated in one year in the United States and

several have gone abroad. These exhibitions reach over five million visitors to museums, libraries, universities, and other organizations whose programs would have been far less diversified and meaningful had it not been for the contributions made by SITES. During 1980, dozens of new exhibitions were introduced for circulation. Among the most important was the first thorough survey of the history of the French porcelain manufactory of Sèvres. This was accompanied by the first comprehensive catalogue in English describing the history and the production of that great porcelain center. *Western Views and Eastern Visions*, a collection of photographs mostly taken by members of the United States Geological Survey during the second half of the nineteenth century, and for the most part never exhibited before, gives an unvarnished view of the grand spectacle that our early explorers encountered as they were mapping this country. Another highly successful exhibition, drawn from the collection of the Hirshhorn Museum and Sculpture Garden, dealt with *Twentieth Century Sculptors and Their Drawings*.

SITES has ambitious plans to expand its foreign offerings and to develop the means to circulate an increasing number of our own exhibitions abroad. To find the means and techniques to do so efficiently will be one of the major tasks of SITES's new director, Peggy Loar. She comes to the Smithsonian from the Institute of Museum Services, where she was assistant director for program and policy. Miss Loar has broad museum experience and is well prepared to formulate programs responsible to the needs of SITES's constituency.

Like SITES whose exhibitions reach across the country and the world, the magazine *Smithsonian*, celebrating its tenth anniversary, reaches an ever-larger number of Associates here and abroad, nearing two million at this date. Our radio programs, notably *Galaxy*, now are heard by sixty million people per year around the world. The Institution's Press, operating in the black, has published a variety of excellent books, while Smithsonian Exposition Books, a publishing enterprise largely for Associates, has had a most successful season with a book on *The American Land*, and a history of presidential elections, titled *Every Four Years*, now in its second printing.

Exhibitions often associate themselves closely with performances or colloquia. The Einstein Centennial was a fortunate occasion to





A community of interest is ours in the sharing of works of art. During filming of *A Sense of Discovery*, produced by the Office of Telecommunications, conservators at NCEA restore an early American portrait. *Below*. Participants at the Edison Centennial Symposium in San Francisco view an installation of the *SITES* exhibition on *Edison and the Electrical Age: One Hundred Years*.



correlate a seminar at Princeton University with an exhibition at the National Museum of History and Technology. Exhibitions also include new acquisitions. The Smithsonian has been fortunate this past year in acquiring gifts in the field of modern art, notably the extremely important collection (part purchase with Regents Collections Acquisition funds, part gift from Vincent Melzac) of contemporary or recent painters including the Washington School, as well as seminal works by William de Kooning, Kenneth Noland, and Jules Olitsky.

In discussions of museum operations, a distinction is often made between research and exhibition—a distinction that is also enshrined in the language of federal budgets. Although in some ways it may be useful to make this distinction, the fact is that any good exhibition is necessarily both the product of research and a contribution to knowledge. In the case of art and science museums, where the evidence can be fully understood and appreciated only when it is physically before the viewer, exhibitions are in a real sense the most appropriate means of publishing the results of research. In a university, such museum exhibitions should qualify equally with books insofar as they may represent new discoveries of demonstrable theories of the professor-curator. This was a fact I was at pains to point out to faculty administrators during my work at Yale University, for too often such evidence of scholarly research tended to be overlooked. In art museums there is at least an exhibition catalogue published and distributed as tangible printed evidence of scholarly production. Curators among the scientific disciplines usually have less recourse to publications, however, and have sometimes been penalized through lack of comprehension by administrators of the original scholarship and character of exhibitions.

In recent years the art and history museums of the Smithsonian family have increasingly drawn upon their excellent scholarly staffs to create a growing number of exhibitions that have in this sense constituted important contributions to knowledge. While our museums have continued to show exhibitions organized elsewhere, and have added to the pleasure and education of our millions of visitors by doing so, we are particularly pleased to have been able to share with other museums more and more exhibitions conceived and organized within the Smithsonian. A sampling of ex-





A bird puppet from the Bambara people of Mali is admired by a young visitor to the Museum of African Art's 1980 summer exhibition on *Puppets from West Africa*.



Raphael Soyer, the dean of American realists, came to the Hirshhorn Museum and Sculpture Garden for his 80th birthday exhibition that opened at the museum on December 4, 1979. Here Soyer poses in front of his painting *Portraits at a Party*, a recent gift to the collection from Joseph H. Hirshhorn. The museum owns more of this artist's works—62 paintings and drawings—than any other institution.



hibitions of this sort indicates something of the range of our museums' contributions to this common enterprise of scholars and curators everywhere.

The Hirshhorn Museum and Sculpture Garden's important retrospective *Miró: Selected Paintings* was later seen at the Albright-Knox Art Gallery in Buffalo; Hirshhorn exhibitions of works by Botero and Edwin Dickinson traveled to Corpus Christi, Texas, and Louisville, Kentucky, respectively. An exhibition of oil sketches by Frederic Church from the collection of the Cooper-Hewitt Museum was organized by an outside curator, traveled to eight cities under the auspices of the Smithsonian Institution Traveling Exhibition Service, and was finally shown at the Cooper-Hewitt this year. The National Portrait Gallery's exhibition *Time of Our Lives*, consisting of selections from its collection of *Time* magazine cover portraits, was shown at the Lyndon B. Johnson Library in Austin. Three important exhibitions organized by the National Collection of Fine Arts were shared widely with museums elsewhere in this country and abroad: *Hugo Robus (1885-1964)* was seen at the Allentown Art Museum in Pennsylvania and the Columbus Museum of Art in Ohio; *Drawings of Morris Louis* traveled to the Fogg Art Museum, the Israel Museum, and the Tel Aviv Museum; *Across the Nation: Fine Art in Federal Buildings, 1972-79*, an exhibition of ninety-seven drawings and maquettes from the artist-in-architecture program of the General Services Administration will travel to the Hunter Museum of Art in Chattanooga and to four other cities. The Renwick Gallery's beautiful exhibition *The Harmonious Craft: American Musical Instruments* was shared with the American Craft Museum in New York City, the Kohler Arts Center in Sheboygan, Wisconsin, and Northwest Missouri State University. Finally, as the result of a very happy and fruitful international collaboration between Dr. Otto Mayr of our National Museum of History and Technology and the Bavarian National Museum in Munich, the very important exhibition *The Clockwork Universe: German Clocks and Automata 1550-1650* will be seen in both institutions. These are examples of the ways in which the museums of the Smithsonian have been able to use their own scholarly resources, and in many cases their own collections, for the benefit of scholars and museum visitors throughout the country and the world. We expect that this sharing will continue and increase in the years ahead.

In all these exhibitions, the Collections Acquisition funds provided by the Smithsonian Regents continue to play a significant role. As part of our trust funds budget allocated for the purpose, these sums, now only three years old, enable our museums to make important additions to collections. Thus the Hirshhorn Museum, in connection with the Miró retrospective exhibition, was able to acquire the painting *Woman before an Eclipse with Her Hair Disheveled by the Wind*, which was included in the show. Additional examples of such acquisitions are the collection of twelve Chinese calligraphy scrolls, exhibited so handsomely at the Freer Gallery of Art; the Gaston Lachaise sculpture *Standing Woman (Heroic Woman)* installed on the Hirshhorn Plaza; and those incomparable Gilbert Stuart portraits of George and Martha Washington, center-pieces now of the National Portrait Gallery's holdings.

The possession of such funds is a new development for the Institution, and makes possible, often with matching grants, the purchase of material formerly beyond the Smithsonian's reach. Similarly the importance of some of our collections, in fields like gems and gemstones, increasingly attracts major gifts.

This has been a significant year in terms of the outstanding research accomplishments with new facilities. For instance, latest reports indicate that the capabilities of the Multiple Mirror Telescope are exceeding our expectations. The site at the summit of Mt. Hopkins is turning out to be excellent for observation purposes and may be one of the very best such locations in the continental United States. The building is also exceeding our hopes in effectiveness. Modifications which we plan over the next few years should result in even sharper stellar images than are being obtained now (one-half arc second). Increasing the sharpness of the image is equivalent to increasing the diameter of the telescope by the same factor. Thus, these improvements are making available to American astronomers a telescope considerably more powerful than the 176-inch equivalent that had been anticipated originally.

At the Smithsonian Tropical Research Institute an important new facility at the Naos Marine Laboratory was opened by the president of Panama in July 1980. In this completely new aquatic system providing sea water for studies of captive marine organisms, salt water can be provided in raw, filtered, and sediment-free states, and the return flow can be sterilized so that organisms from



non-Pacific sources can be studied without risks of contamination. This facility will greatly enhance the research potential of our marine laboratory and should provide an important adjunct to any future sea-level canal studies, long a concern of the Smithsonian.

Our Marine Sciences Laboratory, located in the National Museum of Natural History / Museum of Man, has acquired its own research vessel and airplane, and this year the laboratory successfully conducted its first combined "sea and air" mission. The trip to the Caribbean focused on the study of coral reefs off the coasts of Haiti and the Virgin Islands. With the success of this expedition, plans are moving forward for the study of Pacific reefs using the same combination of ship and plane. Meanwhile the simulated living coral reef and lagoon with over two hundred species of animals and plants, materials garnered from these Caribbean studies, is now in place in a working laboratory exhibition in our National Museum of Natural History. This exhibition, designed by Dr. Walter Adey and planned with major support from the National Science Foundation, bids fair to becoming a major public education exhibition to be reproduced—with National Science Foundation help—in other museums across the country.

After over ten years of planning, countless meetings and studies, and numerous presentations to the Congress, one of the Institution's highest priorities is soon to be accomplished. Ground will be broken for the new Museum Support Center which will permit, at long last, the removal of vast portions of the collections of the National Museum of Natural History from inadequate facilities to a milieu where they can be properly conserved, easily retrieved and studied, and contained within laboratories equipped with the most up-to-date technology. Thus, a significant new door is about to open; while in the decades ahead the facility will no doubt have to be expanded, in the near term it can only be described as a quantum improvement.

It is irresponsible as well as unethical for museums to harvest collections only to let them gradually decay in ill-ventilated, overheated, and crowded storage areas. The proper housing of the collections of the National Museum of Natural History is a priority not only of the Institution but of the nation, for these collections in major part are unduplicated and are totally irreplaceable. In their aggregate, they represent a significant portion of the nation's,

indeed the world's, scholarly inheritance. It is with great satisfaction that I have presided over the achievement of this goal: I look forward to the dedication of the building, on schedule, toward the end of 1982. Thereafter, we plan to initiate a program of training in conservation to help alleviate the critical shortage of fully qualified conservators in America.

The Smithsonian Institution continued to search for ways to meet the high standards of excellence in its exhibitions, programs, and activities while significantly curtailing energy use wherever possible. More aggressive efforts which began in 1979 with the creation of a Smithsonian-wide energy conservation task force culminated this year in the establishment during June 1980 of a formalized Energy Management Program. The new energy policy establishes a plan for renovating inefficient utilities systems and for upgrading utilities operating procedures, expands an employee awareness program, and establishes a monitoring group in each museum and facility to ensure continued Institution-wide support and participation. Since fiscal year 1978, the Institution has avoided more than \$1.5 million in utilities costs, of which nearly \$600,000 was realized during the past year. This cost avoidance is attributed primarily to a computerized power management system and to improvements in the operation and maintenance of utilities distribution equipment. Among numerous additional energy conservation measures implemented this year, the Institution installed solar collectors on the new Great Ape House at the National Zoo, reduced lighting levels and modified exhibit and office lighting systems, altered selected staff work schedules to reduce lighting requirements and to avoid using powered tools and equipment during peak energy charge hours, and turned off "down" escalators and selected elevators on peak demand days. Other energy-saving measures begun during the year included the initiation of a study with the goal of creating energy-efficient environmental zones within Smithsonian buildings, testing of a new carburetor device to trim use of fuel in Smithsonian vehicles, and experimentation with gasohol.

Earlier in this account I have spoken of the "evidence" which the portraits of President and Mrs. Washington provide. I mean in this sense the *manifestation* that their appearance discloses. William Walton used the word in the title of his book, *The Evidence*





National Museum of Natural History volcanologist Dr. William Melson took this picture of Mount Saint Helens from the air shortly after it began to show signs of erupting. An apron of gray ash covers the snowy flanks of the mountain. *Below.* In response to public interest in the Mount Saint Helens eruption, scientists from NMNH organized a symposium on this fascinating national event. Answering public questions here are (left to right) NMNH director Richard Fiske, chief U.S. Geological Survey volcanologist Robert Tilling, and museum volcanologists William Melson, Thomas Simkin, Lindsay McClelland. (Photo by Chip Clark.)



of *Washington* (1966). Evidence is an aggregate of things, signs and symbols, past and present. It is not merely an exhibit, but the mood that it creates. In the artist's eye vision induces perspicuity, a seeing through. So it is with objects, objects collected by museums, objects from an attic or a bureau drawer. When my father died I opened the drawer, and there spread before me was the *materia vitae*, like a Harnett still life, the spectacles, a silver pencil for a waistcoat chain, collar buttons, a photo of a boy in the uniform of the Knickerbocker Grays, an old letter, and a diary.

If we did not build the Museum Support facility, where would our conscience be? If we did not collect objects, what evidence of truth would there be? Objects are a surer evidence than legal precedents, whose *evidence* Henry Clay questioned in one of his speeches in the Senate in 1835: "a solitary precedent . . . which has never been re-examined can not be conclusive." It is not so with objects, be they the jawbone of Balaam's ass, or the golden cup of Alexander of Macedon. Now that people read less, perhaps objects will return to their former status as evidence of truth, old testaments to revelation. Sometimes I have described museums, a bit facetiously, as the only legitimate growth industry (in a world of declining natural resources). It is true that in our present mode of life, in spite of the successes of the auction business, more and more people live under increasingly compressed physical conditions. Rooms are smaller, ceilings lower, attics like the trunk spaces of automobiles soon to be nonexistent. So, more and more, museums are being called upon as a last resort to winnow the chaff of possessions—and authentically curate the results. Museums live as they grow, presiding over the verities of history. I once quoted a Dr. Scott cited by the famous writer and philosopher, Cardinal Newman, as saying that "growth is the only evidence of life," a statement with a convincing biological ring. If one assumes this to be true, then museums and their careful curating have a far higher priority in life than public recognition or support gives them credit for.

In Washington today there exists a great paradox: life goes on but not much growth. One must eat and sleep and mind one's daily affairs, but the mood is numb. Too few people look at the dome of the Capitol or notice the soaring thrust of the Washington Monument, to sense the meaning and feel the past through mists,



like swirling clouds in time of war and pestilence, or the scourge of slavery, the past of unequal opportunity out of which, in pain, a Republic has arisen. Washington is not a symbol of inefficiency and pettifogging, but is rather in all our hearts, as in the eyes of the world, the emblem of democracy, a land where wounds are bound and hopes for future peace are established.

How can we recapture the past and find strength for the present? The two together promise hope and certainty for the future. I would venture that a walk along the nation's quadrangle, the National Mall, cathedral close of the Republic if you will, would provide a lesson in such feelings. Start at the Capitol, stand under Thomas Ustick Walter's great dome,<sup>1</sup> and then wander north and south to the adjacent original cubic spaces of Benjamin Latrobe. Stroll outside, down the lawn to the grand promenade, lined with our common history. Enter one or another of the buildings by your choice, and go on as far as you can, and if at the end, the result is not to produce in you a mood of assurance and confidence for the future, I would be surprised. For in this place there dwells a kind of reassurance, a reaffirmation of what we are about, the evidence of our purposes in being here at all.

In this connection, thinking of the past, it is worth pondering what we are doing about the present. What, for example, are we doing about that great preoccupation of today, the role of creative equal opportunity and affirmative action? Over the past year significant progress has been made in the Institution's equal employment opportunity and affirmative action programs. While roughly one-third of our work force is drawn from minority employees, and one-third are women, specific efforts are being made to improve their representation at the professional level. Similarly, we are seeking to afford more job opportunities to disabled persons. I am pleased to say that a variety of steps are being taken that in cumulative effect will result in a strengthened organization. Every job

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<sup>1</sup> Perhaps our readers are not aware that the huge Capitol dome, symbol of stability, is alive? It moves. Joseph Henry, the first Secretary of the Smithsonian, conducted an experiment to determine the amount of movement of the top of the dome as a result of expansion from the heat of the sun in daytime, and nighttime contraction, and found that there was motion toward the cardinal points of the compass in twenty-four hours. The top oscillates each day between three and four inches, giving a nod, as it were, to the fifty states.

category in the Smithsonian has been analyzed to determine the composition of its employees. Areas of underrepresentation by women and minorities will receive particular attention. Recruitment efforts will reach out in a more positive way to seek all qualified candidates. A management review takes place on each tentative selection to ensure that all affirmative action requirements and needs have been realized.

A concurrent program includes the development of an expanded upward mobility series to provide employees the opportunity to improve their qualifications for career development and advancement. Whatever the ideal is in this respect, it continues to be a fact that qualified minority or women applicants may not be available for many of the Institution's jobs, especially in certain specialized scholarly and scientific disciplines that have little financial appeal in the job market. Consequently, we have inaugurated a cooperative education program that will allow approximately twelve graduate-level students to intersperse periods of work at the Institution with course work. Over time we hope to be able to recruit candidates who have completed this program to take on specialized professional careers. Other college and university intern programs at the undergraduate level are now being studied. We expect to make a greater effort to interest young people in pursuing our own types of academic work—now poorly promoted by university departments—that will qualify them for professional consideration by the Institution.

The present fashions in science training, particularly in biology, are all in the field of cellular research, biochemical- and biophysical-related, and in the burgeoning field of molecular studies. Connected to this is the continual pressure for many of the brightest students to be weaned away from the natural sciences into fields of medicine, as it has continued to be in the years since I was myself a university professor. And yet the need for studies in the long-neglected and quasi-unfashionable natural history fields becomes ever greater as the planet continues to suffer from over-exploitation and gradual degradation of living and inanimate resources. Ecologists are as much needed for the future of our health as are medical doctors in research. Still there continues to be a curious apathy and lack of understanding among teachers and the





Museums live as they grow, presiding over the verities of history. Youngsters stage a performance with stringed marionettes they constructed in a Young Associate class on marionette making, offered in conjunction with the *Belgium Today* international symposium. Below. NMHT's Division of Education served fifteen hundred senior citizens in its Senior Series this year. Age itself knows no limit to the joys of making and tasting the real thing: ice cream!



public alike, even as there is a lack of comprehension of the crisis in resources for energy. We toy with the issues of oil as we fiddle with the fate of our environment. It seems to be our mode to sing like the cricket the song of today and now, ever unable to think of the morrow. Natural history museums should be in the vanguard of support in ecological research for they contain many of the keys for understanding our future dilemmas. We continue to hope that the tide of fashion in biological and geological training will turn again to natural history studies in order to furnish recruits for these underestimated fields.

Training of our employees in the increasingly important and complex area of personnel matters has been intensified and broadened. Over the past year some one hundred supervisors and managers have taken a two-week course in personnel management and the development of supervisory skills. Altogether 275 persons with equal employment opportunity and affirmative action responsibilities took a two-day course to increase their knowledge and strengthen their ability to undertake such programs. We can only hope the intricacies of meeting the newly legislated requirements attendant on having a government-supported or appropriated budget will keep pace with the social achievements and benefits that we desire for all Americans. Many universities are at considerable financial disadvantage these days keeping the management supervision in order associated with federal or state support. Increasing oversight and administrative burdens are contemporary phenomena, often hard to associate with the work of education or the carrying forth of research. Time alone will tell us perhaps of the effectiveness of such proliferation of regulatory procedures, requiring expenditure of vast sums for the recovery of overhead costs.

This year, as in the past, we have witnessed a number of significant personnel changes in our senior staff. In January Michael Collins left the Institution's Under Secretaryship to pursue a career in private industry, but we were fortunate to find Phillip S. Hughes, long a friend of the Smithsonian, available to step in as our new Under Secretary. After more than twenty dedicated years of work at the Institution, Dorothy Rosenberg retired from service as my executive assistant, but only after we were able to present her with the richly deserved Secretary's Medal for Exceptional Service. Other retirements included Ted Rivinus from the director-



ship of the Smithsonian Institution Press and Ann Campbell from the directorship of the Management Analysis Office. Also off to other fields for their efforts were Laverne Love, Women's Program Coordinator, and Jake Page, columnist for *Smithsonian* magazine and founding director of Smithsonian Exposition Books. In each of the foregoing cases, as in so many others, we have lost a Smithsonian coworker but retained a colleague in the vital cultural pursuits of this nation.

We were particularly pleased to welcome the original and resourceful volcanologist Dick Fiske as the new director of the National Museum of Natural History / Museum of Man. We were also fortunate, as mentioned, in recruiting Peggy Loar as director of the Smithsonian Institution Traveling Exhibition Service. Additionally, we were delighted to appoint Felix Lowe as director of the Smithsonian Institution Press, Barbara Spraggins as director of the Special Events Office, and John Motheral as director of the Management Analysis Office, all of whom had served in important capacities on the Smithsonian staff. At our Exposition Books office, Glen Ruh succeeds Jake Page. Don Moser and Joe Bonsignore have taken over from Edward K. Thompson as managing editor and acting publisher respectively of the magazine, while Ralph Backlund has become executive editor, with Anne Keating and Tom Black as associate publishers. And it should be noted that Jim Hobbins similarly advanced in my office to become executive assistant.

Among the honors and awards received by members this year we should mention especially the recognition accorded to Steven Weinberg of the Smithsonian Astrophysical Observatory, member of the Smithsonian/Harvard Center for Astrophysics, named as a corecipient of the 1980 Nobel Prize for Physics.

It seems impossible to keep for ourselves all of our staff, and this past year we were especially grieved by the untimely deaths of Jeanette Gladstone and William Grayson. They were both among the most universally appreciated staff—extremely personable, interested, interesting, and bedrocks of Smithsonian life. They will both live long and bright in the memories of those of us who are inspired to take up where they have left off.

In the performance *in vivis* associated with the Institution we should give great credit to the presentation of the thirteenth Festival of American Folklife, held on the Mall from October third



On their first United States tour, the Royal Dancers and Musicians from the Kingdom of Bhutan (in the Himalayan Mountains north of India) performed in the Division of Performing Arts World Explorer Series at Baird Auditorium.

through eighth, and the Fourth of July festivities celebrated, in the words of John Adams, with "shews, games, sports, guns, bells, bonfires, and illuminations." Other celebrations included the twentieth anniversary of the civil rights movement marked by a working conference and an exhibition as well as songs and music of the time. The production of records, music, and dance were on our agenda this past year, as well as a colloquium titled *The Muses Flee Hitler*, and a special ceremony participated in by other institutions and museums across the country and graced by the presence of the regal and dedicated King and Queen of the Belgians, Their Majesties, King Baudouin and Queen Fabiola.

So the Institution flourishes with exhibits, sound, publications, and distinguished collaborators and visitors of every ilk, the most varied, delightful, and—to paraphrase P. T. Barnum—biggest and best show on earth!





Secretary Ripley presented the James Smithson Medal to Pope John Paul II during the pontiff's historic visit to Washington and the Smithsonian in October 1979. The Smithson Medal is given to honor only the most outstanding achievements in art, science, education, or history. *Below.* King Baudouin and Queen Fabiola of Belgium view the Renwick Gallery exhibition of *Traditional Marionettes in French Belgium Today*. The Renwick typically shows special exhibitions on design and crafts.





The Renwick Gallery exhibition *Georg Jensen Silversmithy: 77 Artists, 75 Years* was viewed appreciatively by Mrs. Otto Borch, wife of the Danish ambassador, and Georg Jensen executives. *Below*. Twelve masterpieces of Chinese calligraphy were acquired by the Freer Gallery of Art through Smithsonian Collections Acquisition funds. At the opening of the exhibition at the Freer Gallery were Chai Zemin, ambassador of the People's Republic of China (*left*), shown with Chang Wenying, first secretary of the Culture Department.





## *Board of Regents*

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THE BOARD OF REGENTS held three formal meetings during the last year as well as a number of additional meetings of the Executive Committee, the Investment Policy Committee, the Personnel Committee, and the Audit and Review Committee.

The board's first meeting of the year, on January 28, 1980, opened in the Regents' Room with a tribute to the late Regent John Nicholas Brown, who died October 9, 1979. A memorial was prepared in fine calligraphy for presentation to Mrs. Brown. To fill the vacancies on the board occasioned by Mr. Brown's untimely death and the resignation of Regent Thomas J. Watson, Jr., to become Ambassador to the Soviet Union, the Regents entertained the recommendations of their search committee and voted to nominate William G. Bowen and Carlisle H. Humelsine for statutory terms of six years each. These appointments were confirmed by joint resolutions of the Congress and signed into law by the president on March 13, 1980.

The Regents' Personnel Committee reported that no conflicts of interest were apparent in the confidential financial interests statements of the senior staff of the Institution. In addition, the Audit and Review Committee reported on its first meeting of the year which had consisted of an overview of the Smithsonian's organization, programs, funding, and staffing; a description of the independent auditing of trust funds, conducted this year by Coopers and Lybrand; and an outline of the work of the Institution's internal auditor.

The Treasurer provided an analysis of fiscal year 1979 results in the Institution's trust funds and reported the receipt of fiscal year 1980 federal appropriations. The financial reports included details on the allowance of the Office of Management and Budget and on the new programs highlighted in the fiscal year 1981 consolidated budget being submitted to Congress. In keeping with their bylaws, the Regents delegated certain authorities to the Secretary for the acceptance and transfer of specific kinds of gifts, grants, and bequests. The Investment Policy Committee reported that the Insti-

tution's investment managers had outperformed market averages over fifteen months prior to September 30, 1979. The Regents approved the Five-Year Prospectus (fiscal years 1981–1985) which had been updated to reflect the Regents' decisions on the fiscal year 1980 nonappropriated funds budget, allocation of the fiscal year 1980 federal budget, and fiscal year 1981 federal budget allowances from the Office of Management and Budget. New exhibition programs, equipment costs for the Museum Support Center, and planning funds for the Quadrangle project were highlighted.

The Secretary reported that the architectural/engineering firm of Shepley Bulfinch Richardson and Abbott had been selected to continue detailed planning to supplement Junzo Yoshimura's original concepts of the Quadrangle development. Mr. Ripley outlined planning expected to be accomplished with trust funds this year and summarized fund-raising efforts underway.

The Regents appointed five additional members to the Museum of African Art Commission: Messrs. Richard Long, Beverly Carter, Roy Sieber, Walter E. Washington, and Mrs. Katherine White. The Regents also approved the actions of the commissions of the National Collection of Fine Arts and the National Portrait Gallery and appointed the Honorable Robert B. Morgan and Mr. Thomas Mellon Evans to the latter commission. The Secretary was authorized to renew negotiations with the Boston Athenaeum for the purchase of the Gilbert Stuart portraits of George and Martha Washington. Subsequent to the meeting the chairman of the Executive Committee approved an agreement by which the Smithsonian would pay \$2,750,000, the Museum of Fine Arts, Boston, would pay \$2,125,000, and the Boston Athenaeum would lower the purchase price to \$4,875,000; the Smithsonian and the Museum of Fine Arts would be equal partners in ownership and would exhibit the portraits for equal time, alternating every three years; and the Smithsonian, after consultation, would have final authority and responsibility for conservation.

The Regents voted to present the Henry Medal to Gordon N. Ray for his distinguished leadership of the Smithsonian Council since 1970. The medal was presented on behalf of the Regents by the Secretary at the Regents' Dinner May 4, 1980, where Dr. Ray spoke briefly about the history and significance of the council since its founding.



The Secretary presented a report of the work in popular book publishing accomplished by Smithsonian Exposition Books and the Regents approved the publication of *Every Four Years . . . The American Presidency*. The Secretary also discussed the status of the Museum Support Center, the Mall Parking Study, and the Equal Opportunity Program, which subject, together with the future of the Belmont Conference Center property, was referred to the Audit and Review Committee for examination. Additional reports were received on the impact of the Panama Canal Treaty implementing legislation on the Smithsonian Tropical Research Institute; Civil Service reform; major construction projects; the status of the Smithsonian Science Information Exchange; litigation; legislation; the return of museum objects to the Hillwood Museum; the appointment of Dr. Fiske as Director of the National Museum of Natural History / Museum of Man; the Smithsonian delegation's trip to China. The Regents were also provided an updated report, "Survey of Smithsonian Institution Property."

At the second meeting of the Board of Regents, held in the Regents' Room on May 5, 1980, the Executive Committee reported on its meeting of April 2 and made recommendations to the Regents on the agenda papers. Three Regents' terms were scheduled to expire on August 30, 1980, and it was learned that Dr. Gell-Mann and Mr. Burden would be reappointed (the joint resolutions of the Congress were subsequently signed into law by the president on July 25, 1980) while Dr. Haskins would not seek reappointment. The Chancellor asked the Executive Committee to serve as the search committee to seek a replacement, and the Regents elected Mr. Humelsine to serve on the Executive Committee succeeding Dr. Haskins effective September 1, 1980.

The Audit and Review Committee reported on its meetings of February 28 and May 3, 1980. The Committee's agenda included a discussion with Coopers and Lybrand on their independent audit of trust funds for fiscal year 1979, and reviews of the Institution's inventory of collections, the process of budgeting unrestricted trust funds, the status of the Belmont Conference Center, and the Smithsonian's equal opportunity program. On the recommendation of the committee, it was voted "that the Board of Regents lends its full support to the Institution's intensified efforts and encourages and directs the management of the Institution to take all

possible steps to ensure equal opportunity within the Smithsonian. . . ."

The title of Regent Emeritus had been conferred on only one former Regent, the Honorable George H. Mahon, in January 1979. Upon the recommendation of the Executive Committee, the Regents voted to confer the title on twelve former Regents whose interests in and value to the Smithsonian and the Regents promise to continue: Dr. Jerome C. Hunsaker, 1949–1968; Dr. Crawford H. Greenewalt, 1956–1974; Honorable J. William Fulbright, 1959–1974; Honorable Hugh Scott, 1967–1976; Honorable Thomas J. Watson, Jr., 1969–1979; Honorable Robert F. Goheen, 1972–1977; Honorable William E. Minshall, 1973–1975; Honorable Sidney R. Yates, 1975–1976; Honorable Frank E. Moss, 1975–1977; Honorable Elford A. Cederberg, 1975–1978; Honorable Claiborne Pell, 1977–1978; Honorable Corinne C. Boggs, 1977–1978.

The Treasurer reported on the status of appropriated and non-appropriated funds for fiscal year 1980, noting particularly governmentwide budget reductions and revised projections for the unrestricted trust funds. It was noted that the Office of Management and Budget reduced the Institution's appropriation request for fiscal year 1981, then pending before Congress. The Investment Policy Committee reported on the performance of the investment managers and considered favorably the possible funding of the Quadrangle underground parking facility from funds to be transferred in future years to unrestricted endowment funds, as a self-liquidating investment, albeit of modest return.

The Regents discussed two recent legislative actions which departed from the tradition of reserving the use of the word "national," when applied to museums, to elements of the Smithsonian. Strategies were discussed for reaffirming the traditional use of "national" in the Smithsonian context.

The Secretary reviewed refinements in the design of the Quadrangle and noted that it has been generally well received by the National Capital Planning Commission. He added that an environmental impact statement and a revised report on program and space requirements are being prepared. Receiving a report on the status of fund-raising efforts, the Regents discussed a tentative financial plan which suggests as many as five sources of support: unrestricted nonappropriated trust funds netted from auxiliary





This unusual portrait, donated recently to the National Portrait Gallery by Paul Mellon, depicts the American financier and minister to the Netherlands (1853–57) August Belmont. Renowned as a sportsman as well as a man of business and diplomacy, Belmont here has taken the reins and appears to be enjoying himself in a scene rendered by the Dutch artist Wouterus Verschuur in 1854.

activities; future parking revenues; proceeds from the sale of Museum of African Art real estate; contributions through fundraising efforts; and federal appropriations.

The Secretary presented reports on the Museum Support Center, including the status of design, hearings, and the conclusion—after considerable study—to seek appropriations for an innovative three-tiered, self-supporting storage system. Progress was noted in the inventories of collections in the National Museum of Natural History / National Museum of Man and the National Museum of History and Technology.

The board accepted the annual report for fiscal year 1979, re-appointed Mr. Andrew Oliver to the Commission of the National Portrait Gallery, and endorsed the Executive Committee's and the Secretary's recommendation to the president that General Andrew J. Goodpaster and Professor Theodore Ropp be appointed to the National Armed Forces Museum Advisory Board (which appointments were made by President Carter on June 6, 1980). The Regents voted to award the Hodgkins Medal and Prize to Dr. Luigi Jacchia, physicist at the Smithsonian Astrophysical Observatory, "in recognition of his pioneering work in atmospheric physics which has led to an understanding of the earth's upper atmosphere and its bearing on the welfare of man."

The Regents received reports on the special Collections Acquisition Program begun by the Regents with nonappropriated trust funds in January 1978. Attention was drawn to the acquisitions under this program, the funds generated by provisions for matching funds, and the condition of the present acquisition funds. Additional status reports were prepared on popular book publishing, the Mall parking study, construction projects, litigation, legislation, and the Smithsonian Science Information Exchange.

At the Regents' Dinner, held Sunday evening, May 4, in the courtyard of the Fine Arts and Portrait Gallery Building, the Regents were treated to a glimpse of the newly arrived Gilbert Stuart portraits of George and Martha Washington. On behalf of the Regents, the Chancellor presented to Mrs. Ripley a necklace with a pendant of polished smithsonite mounted on a Smithsonian sunburst medallion, and a citation which read in part: "The Regents of the Smithsonian Institution note with admiration the many contributions with which Mary Livingston Ripley has advanced the



purposes of the Institution as well as the scientific activities of her husband, the Eighth Secretary. . . ." Her many contributions have covered the fields of voluntary organizations, the stimulation of horticulture at the Institution, and valuable collections of entomology and photographs from the field.

The fall meeting of the Board of Regents was called to order in the Regents' Room on September 22, 1980. The Executive Committee reported on its August 19 meeting to which all Regents had been invited because of the importance of reviewing the fiscal year 1982 budget materials before their submission to the Office of Management and Budget.

Acting on behalf of the Board of Regents, the Executive Committee asked the congressional members of the board to introduce and support legislation to change the names of the National Collection of Fine Arts and the National Museum of History and Technology to the National Museum of American Art and the National Museum of American History respectively. Serving as a search committee to find a replacement for Dr. Haskins, the Executive Committee recommended Mr. David C. Acheson to serve as the next Regent from the District of Columbia. The board voted to ask its congressional members to introduce legislation to that effect.

Special note was taken of the extraordinary services which Dr. Haskins had rendered to the Smithsonian over the course of his four terms, or twenty-four years, not only as a Regent but as a most distinguished scientist. The Regents resolved to present to Dr. Haskins the Henry Medal in recognition of his manifold contributions to the Smithsonian. Knowing of his continuing interests in the work of the Smithsonian Tropical Research Institute, the Smithsonian Astrophysical Observatory, and the Department of Entomology in the National Museum of Natural History, the Regents also voted to confer the title of Regent Emeritus on Dr. Haskins.

On the recommendation of the Executive Committee the bylaws of the Board of Regents were amended to include the category of Regent Emeritus for former Regents who accept responsibilities for continuing activities in the interests of the Smithsonian. The title is to be conferred by resolution of the board.

The Treasurer's financial report included status reports on fiscal year 1980 federally appropriated and nonappropriated funds and

on the fiscal year 1981 budget, reflecting actions taken by the Office of Management and Budget and the House of Representatives on the original request for appropriations. The Regents voted to approve the revised budgets of appropriated and nonappropriated funds for fiscal year 1981 and authorized the Secretary to expend the funds accordingly. The board also approved the submission of the fiscal year 1982 budget to the Office of Management and Budget together with projections for fiscal year 1982 nonappropriated funds.

The Investment Policy Committee presented an account of the total market value of the Smithsonian endowment funds and observed that during the last quarter the investment managers performed in line with or ahead of market averages. The Audit and Review Committee reported on its September 16 meeting in which the committee discussed progress on the current audit with Coopers and Lybrand, reviewed the Institution's operations and controls in the auxiliary activities, and discussed the legal liabilities of the Regents with respect to their responsibilities.

The Secretary noted that work continues on the design refinements and the environmental impact statements for the Quadrangle, and he presented a schedule of hearings for the project before the several cognizant commissions in the coming year. There followed a synopsis of fund-raising activities to date in the Orient, the Middle East, and among United States corporations. The Regents voted to request the congressional members of the board to introduce and support legislation authorizing construction of the Quadrangle.

Earlier it had been noted that the current procedures for the acquisition and disposition of works of art for the National Collection of Fine Arts and the National Portrait Gallery were unwieldy, and therefore the Regents voted to delegate such authority to the Secretary, consistent with the policies of the Board. The Regents also requested the commissions of the National Collection of Fine Arts and the National Portrait Gallery to submit revised bylaws to the Regents at the January 1981 meeting. At the suggestion of the Secretary, the Regents resolved to name the theater in the National Air and Space Museum in honor of Samuel Pierpont Langley, the third Secretary of the Smithsonian, astrophysicist, and aeronautical pioneer. The Regents also voted to



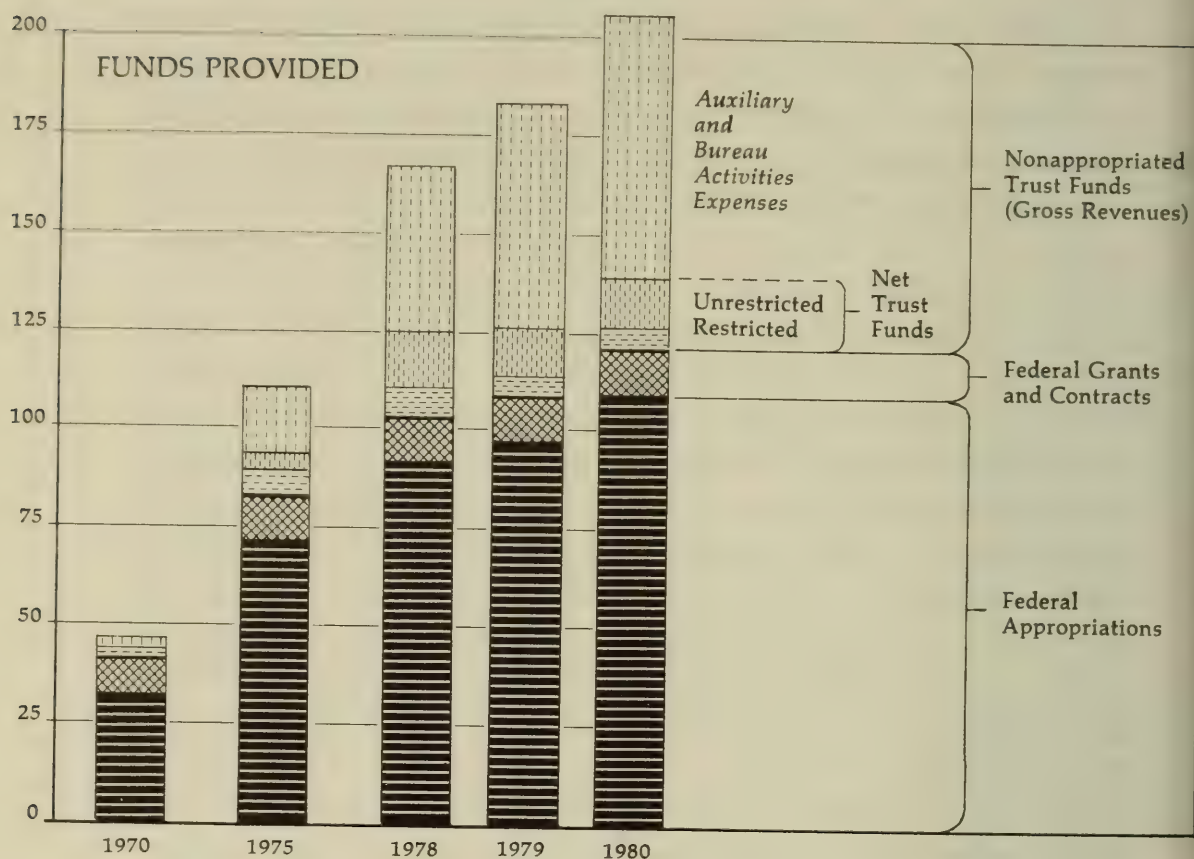
authorize the Secretary to negotiate for the purchase of approximately twenty acres adjacent to properties held at the Chesapeake Bay Center for Environmental Studies.

The Secretary submitted a report on the status of the Museum Support Center on which construction is expected to begin in early 1981. The Secretary also reported on changes anticipated in the popular book publishing program following a thorough review by a special panel of Smithsonian Council members, outside publishers, and Smithsonian staff. A new policy on the use of Smithsonian facilities (Office Memorandum 724) was brought to the Regents' attention, as was a report on Smithsonian arrangements for conducting research in foreign nations. The Secretary highlighted the planned implementation of noncapital intensive recommendations from the completed study for visitors' access to the Mall museums. The Regents also received for comment a draft of the revised Five-year Prospectus for fiscal years 1982-86. Other reports furnished in advance concerned major construction projects, the equal employment opportunity program, legislation, litigation, the Smithsonian Science Information Exchange, the Smithsonian Tropical Research Institute, and the National Armed Forces Museum Advisory Board.

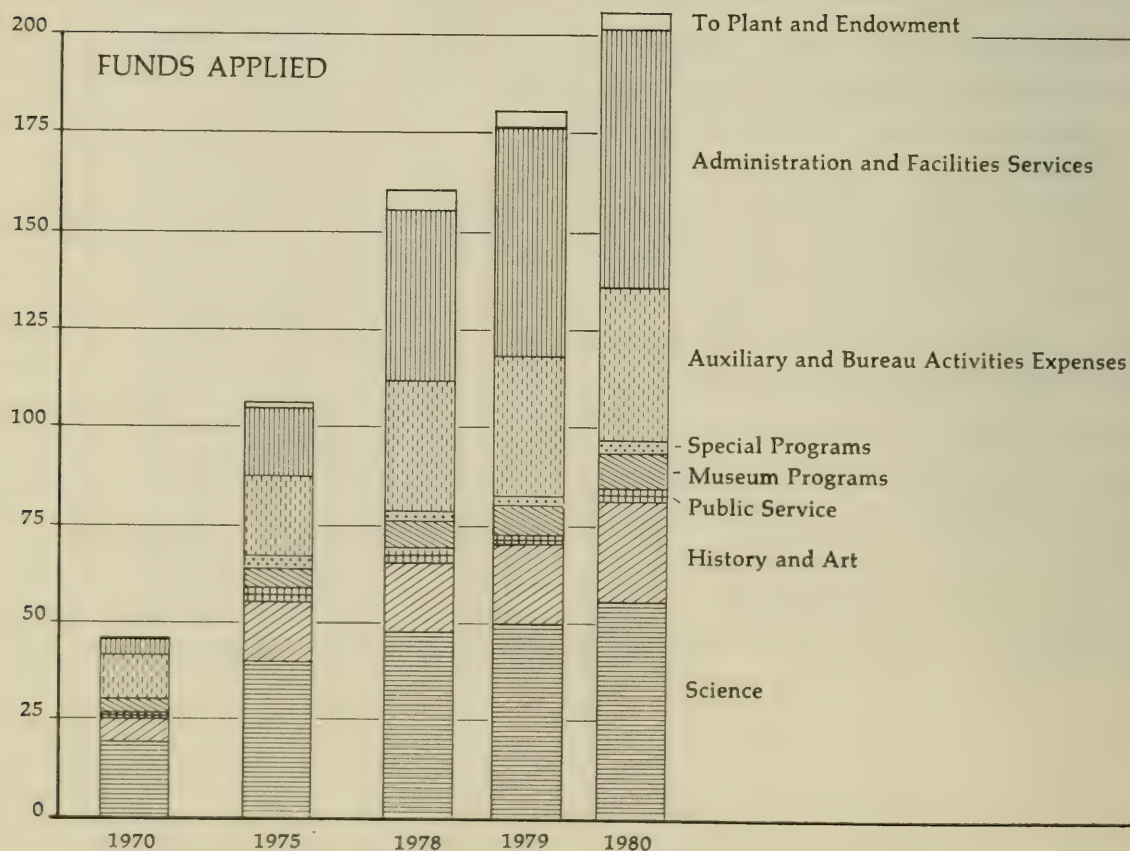
The Regents' Dinner was held at the Supreme Court on Sunday evening, September 21, 1980, at the invitation of the Chancellor and Mrs. Burger. The dinner was in honor of Dr. Haskins, who was presented the Henry Medal by the Chancellor. The Secretary presented the Hodgkins Medal and Prize to Dr. Jacchia of the Smithsonian Astrophysical Observatory.

## Fiscal Years 1970, 1975, and 1978-1980

### FUNDS PROVIDED



## FUNDS APPLIED





## FINANCIAL REPORT

CHRISTIAN C. HOHENLOHE, TREASURER

**SUMMARY:** During fiscal year 1980 the Smithsonian received strong financial support from the Congress, from donors, from granting agencies, and from revenue-generating auxiliary activities. This mix of funding from public and private sources, from gifts and earned income, permitted notable progress and accomplishments in research, exhibits, publications, and public education. Growth in the overall budget of the Institution in fiscal year 1980 and prior years may be seen in the bar chart on the facing page which displays the source and application by broad category of operating funds. In the context of unusually high inflation, however, this growth was mainly illusory; the larger part of the increased budget was necessarily devoted to keeping up with the higher costs of salaries and supplies, of utilities and collection purchases, with the balance limited to selected high-priority concerns of the Institution. The full-time staff of the Smithsonian grew less than 3 percent over the year, and the increase was almost exclusively in personnel for administrative and facilities services, for auxiliary activities, and for short-term research projects.

In a time of difficulty for most cultural and research organizations, the continued generous support of the Congress was greatly appreciated. The overall federal appropriations, which totaled over \$144 million, provided core support for basic research, exhibition, and education programs; for acquisition, care, documentation, and study of the national collections; and for construction, maintenance, restoration, and protection of Smithsonian facilities. Beyond offsetting the major portion of uncontrollable cost increases, appropriations for operating purposes gave significant new funding for the Museum of African Art, for collections inventory

and management, and for administrative offices. The Museum Support Center, for which \$20.6 million of construction funding was appropriated, will be of immeasurable benefit to the Smithsonian in carrying out its responsibilities of caring for the national collections for future generations. Also of great importance were construction funds to allow forward progress on the facilities development for the National Zoological Park, as well as moneys for the less visible but necessary repairs and renovations of other Smithsonian buildings.

Favorable public support for the Institution also continued, as evidenced by the success of the ongoing Smithsonian Associate programs and other educational auxiliary activities, as well as gifts and grants from individuals and foundations. These revenues allow the Institution to fund a significant portion of its programs from nonappropriated sources, extending the reach of the research and education activities beyond what is supported with federal appropriations. Net revenues from nonappropriated sources, after deduction of operating expenses and cost of sales of auxiliary activities, increased slightly over last year. This was sufficient to continue ongoing programs such as the Regents Collections Acquisition, Scholarly Studies, and Educational Outreach programs, operating allotments to numerous bureaux, and reserves for construction and land acquisition. The major collection purchase of the year was, of course, the acquisition of the Gilbert Stuart portraits of George and Martha Washington. Increasing the endowment funds is a high priority of the Institution, in order to maintain the balance of appropriated and nonappropriated funds which has been a source of strength in meeting goals and seizing new opportunities. The Regents, therefore, followed the practice of recent years and authorized transfer of some \$2 million of unrestricted trust funds into endowment, as well as a further \$650,000 of National Air and Space Museum current funds into a fellowship endowment.

Measured progress continued this year in obtaining funds for the Quadrangle, the site of a future center for Eastern art as well as the new home for the Museum of African Art, south of the Smithsonian Castle; a gift of \$1 million was received for the project from the government of Japan, and indications of further gifts from other sources were favorable. The Quadrangle will be com-



TABLE 1. *Financial Summary*  
(In \$1,000's)

	FY 1978	FY 1979	FY 1980
INSTITUTIONAL OPERATING FUNDS			
FUNDS PROVIDED:			
Federal Appropriations—Salaries & Expenses .....	\$ 93,393	\$ 98,202	\$107,764
Federal Agency Grants & Contracts .....	11,157	11,412	12,947
Nonappropriated Trust Funds:			
For Restricted Purposes .....	6,538	4,577	5,339
For Unrestricted & Special Purposes:			
Auxiliary & Bureau Activities Revenues—Gross	55,189	67,360	75,150
Less Related Expenses .....	(43,070)	(57,557)	(65,933)
Auxiliary & Bureau Activities Net Revenue ....	12,119	9,803	9,217
Investment, Gift, and Other Income .....	2,241	3,394	3,825
Total Net Unrest. & Special Purpose Revenue ..	14,360	13,197	13,042
Total Nonappropriated Trust Funds*—Gross ....	63,968	75,331	84,314
—Net .....	20,898	17,774	18,381
Total Operating Funds Provided—Gross .....	168,518	184,945	205,025
—Net .....	\$125,448	\$127,388	\$139,092
FUNDS APPLIED:			
Science .....	\$ 50,396	\$ 53,002	\$ 57,907
Less SAO Overhead Recovery .....	(1,841)	(1,850)	(2,196)
History & Art .....	19,105	20,245	26,224
Public Service .....	2,799	2,927	3,129
Museum Programs .....	7,454	8,003	8,974
Special Programs .....	1,981	2,692	3,204
Associates and Business Management .....	244	304	345
Administration—Federal** .....	6,346	7,071	8,048
—Nonappropriated Trust Funds .....	3,795	4,134	4,937
Less Smithsonian Overhead Recovery .....	(3,359)	(4,038)	(4,379)
Facilities Services .....	25,985	27,790	30,630
Total Operating Funds Applied .....	112,905	120,280	136,823
Transfers (Nonappropriated Trust Funds)			
Unrestricted Funds—To Plant .....	869	1,857	1,342
—To Endowments .....	3,271	2,671	2,031
Restricted Funds—To Endowments .....	1,261	413	757
Total Operating Funds Applied & Transferred Out	\$118,306	\$125,221	\$140,953
CHANGES IN NONAPPROPRIATED TRUST FUND BALANCES:			
Restricted Purpose (Incl. Fed. Agency Gr. & Cont.)	\$ 980	\$ 171	\$ (225)
Unrestricted—General Purpose .....	850	33	36
—Special Purpose .....	5,312	1,963	(1,672)
Total .....	\$ 7,142	\$ 2,167	\$ (1,861)
YEAR-END BALANCES—			
NONAPPROPRIATED TRUST FUNDS:			
Restricted Purpose .....	\$ 4,540	\$ 4,900	\$ 4,675
Unrestricted—General Purpose .....	4,932	4,965	5,001
—Special Purpose .....	9,604	11,567	9,895
Total .....	\$ 19,076	\$ 21,432	\$ 19,571
OTHER FEDERAL APPROPRIATIONS			
Smithsonian Science Information Exchange .....	\$ 1,857	\$ 2,063	\$ —
Special Foreign Currency Program .....	4,000	3,700	4,200
Construction .....	5,250	6,575	32,100
Total Federal Appropriations (Incl. S&E above) ..	\$104,500	\$110,540	\$144,064

\* Figures do not include gifts and other income directly to Plant and Endowment Funds:  
FY 1978—\$185,000; FY 1979—\$96,000; FY 1980—\$1,211,000.

\*\* Includes unobligated funds returned to Treasury: FY 1978—\$112,000; FY 1979—\$47,000;  
FY 1980—\$267,000.

pleted only with strong financial support from private contributions, self-generated funds from auxiliary activities, and appropriated funds; efforts to secure this support will continue in earnest.

### *Operating Funds—Sources and Application*

The growth in past years of the Institution's overall operating budget has continued in fiscal year 1980, as may be seen in both Table 1 and the bar chart at the head of this section. Total gross operating funds grew from \$184,945,000 in fiscal year 1979, to \$205,025,000 in fiscal year 1980, an increase of \$20,080,000, or 11 percent. Federal appropriations constitute 53 percent of total gross operating funds provided, federal agency grants and contracts 6 percent, and nonappropriated funds 41 percent, the same ratios as last year.

After deducting the expenses of the nonappropriated fund auxiliary and bureau activities, the growth in net operating funds was 9 percent over fiscal year 1979. This increase in net funds of \$11,704,000 was primarily in federal appropriations (\$9,562,000) and federal agency grants and contracts (\$1,535,000). Net operating funds, supporting the wide range of Smithsonian programs and activities, are derived 78 percent from federal appropriations, 9 percent from federal agency grants and contracts, and 13 percent from nonappropriated sources. Application of these moneys by all Smithsonian bureaux is set forth in Table 2, with further supporting detail in other tables.

#### *FEDERAL APPROPRIATION*

Federal funds totaling \$107,764,000, an increase of approximately \$9.6 million over fiscal year 1979, were provided to the Institution for operating purposes. As in the past several years, a major portion of this increase was directed to generally uncontrollable items. Inflation in the areas of salaries and utilities accounted for some \$6.9 million of the increase, while an additional \$500,000 was required to fund the first full year of operating costs for the Museum of African Art. The balance of \$2.2 million was applied to a variety of program requirements. Collections management, a high priority



of the Institution, received additional funding of over \$1 million to support collections inventory, storage, and conservation in bureaux throughout the Institution, furthering efforts to gain more effective inventory control over the collections and to conserve the valuable objects and specimens. A second area of emphasis was the strengthening of administrative capabilities, particularly in the areas of facilities planning and personnel management. In the first instance the growth reflected increased focus by the Institution on maintaining and preserving its physical plant, while in the latter, the growth was needed to meet new requirements created by both the Civil Service Reform Act of 1978 and the Panama Canal Treaty. Implementation of this treaty also necessitated major new funding for the Tropical Research Institute for personnel benefits and security needs. Finally, increased support was provided for exhibit protection and various other priorities of the Institution. For seven months of fiscal year 1980 the Institution was subject to a hiring limitation imposed by the president of the United States; resultant savings in personnel costs and cuts in other expenses were applied towards a \$550,000 deficit in utilities funding created by price increases that were beyond the Institution's control.

#### *FEDERAL AGENCY GRANTS AND CONTRACTS*

A major source of support, particularly for the Institution's research activities, is federal agency grants and contracts (including subcontracts from organizations receiving federal prime funding). The funding agencies for the awards, which in fiscal year 1980 accounted for 9 percent of net operating revenue, or approximately \$13 million, are summarized in Table 3. As may be seen from this table, the majority of these funds was from the National Aeronautics and Space Administration (NASA), primarily for the Smithsonian Astrophysical Observatory (SAO) which, as in past years, received substantially more grant support than other Smithsonian bureaux. NASA grants supported important space science projects in high-energy astrophysics and radio/geoastronomy, including preparation of instruments for the Space Shuttle program. SAO also received significant funding from the National Science Foundation and the Department of Defense, as did the National Museum of Natural History for operations of the Oceanographic Sorting Center and for continuation of the Medical Entomology Project. Other

**TABLE 2. Source and Application of Operating Funds**  
**Year Ended September 30, 1980**  
(Excludes Special Foreign Currency Funds, Plant Funds, and Endowments)  
(In \$1,000's)

Funds	Nonfederal Funds						
	Fed- eral funds	Total non- federal funds	Unrestricted		Restricted		
			Gen- eral	Aux- iliary activ- ities	Spe- cial pur- pose	Gen- eral	Grants and con- tracts
FUND BALANCES 10/1/79 ..	\$ —	\$ 21,432	\$ 4,965	\$ —	\$ 11,567	\$ 4,864	\$ 36
<b>FUNDS PROVIDED</b>							
Federal Appropriations .....	107,764	—	—	—	—	—	—
Investment Income .....	—	5,249	2,470	—	430	2,349	—
Grants and Contracts .....	—	12,947	—	—	—	—	12,947
Gifts .....	—	3,226	14	898	57	2,257	—
Sales and Revenue .....	—	74,252	—	72,203	2,049	—	—
Other .....	—	1,587	140	—	714	733	—
Total Provided .....	107,764	97,261	2,624	73,101	3,250	5,339	12,947
Total Available .....	\$107,764	\$118,693	\$7,589	\$73,101	\$14,817	\$10,203	\$12,983
<b>FUNDS APPLIED</b>							
<i>Science:</i>							
Assistant Secretary .....	\$ 301	\$ 346	\$ 78	\$ —	\$ 1	\$ 94	\$ 173
Natl. Mus. of Nat. History ..	14,657	2,351	78	—	624	479	1,170
Astrophysical Observatory ..	5,028	13,409	2,217	—	433	123	10,636
Less Overhead Recovery ..	—	(2,196)	(2,196)	—	—	—	—
Tropical Research Inst. ....	2,257	255	54	—	151	50	—
Radiation Biology Lab. ....	1,837	208	—	—	89	22	97
Natl. Air & Space Museum ..	5,597	1,615	19	—	1,274	251	71
Chesapeake Bay Center ....	744	587	137	—	106	112	232
Natl. Zoological Park .....	8,521	310	38	—	152	24	96
Center for Study of Man ....	575	33	2	—	—	11	20
Fort Pierce Bureau .....	—	366	—	—	—	366	—
Total Science .....	39,517	17,284	427	—	2,830	1,532	12,495
<i>History and Art:</i>							
Assistant Secretary .....	317	96	77	—	12	1	6
Natl. Mus. of Hist. & Tech. ..	7,177	735	148	—	221	366	—
Natl. Coll. of Fine Arts .....	3,371	1,241	53	—	953	230	5
Natl. Portrait Gallery .....	2,442	2,953	31	—	2,781	139	2
Hirshhorn Museum .....	2,200	209	23	—	49	137	—
Freer Gallery of Art .....	656	1,427	10	—	367	1,050	—
Archives of American Art ...	521	471	1	—	6	464	—
Cooper-Hewitt Museum .....	629	1,502	329	—	636	482	55
Museum of African Art .....	543	366	7	—	190	134	35
Total History and Art. .	17,856	9,000	679	—	5,215	3,003	103
<i>Public Service:</i>							
Assistant Secretary .....	246	299	262	—	36	1	—
Reception Center .....	16	315	314	—	1	—	—
Anacostia Museum .....	567	40	22	—	17	1	—
Intl. Exchange Service .....	323	—	—	—	—	—	—
Performing Arts .....	331	3,667	21	3,521	96	—	29
Smithsonian Press .....	819	1,906	—	1,879	2	25	—
Exposition Books .....	—	4,041	—	4,041	—	—	—
Total Public Service ...	2,302	10,268	619	9,441	152	27	29



TABLE 2. *Source and Application of Operating Funds—continued*  
*Year Ended September 30, 1980*

(Excludes Special Foreign Currency Funds, Plant Funds, and Endowments)  
(In \$1,000's)

Funds	Nonfederal Funds						
	Fed- eral funds	Total non- federal funds	Unrestricted			Restricted	
			Gen- eral	Aux- iliary activ- ities	Spe- cial pur- pose	Gen- eral	Grants and con- tracts
<i>Museum Programs:</i>							
Assistant Secretary .....	2,351	249	21	—	95	79	54
Registrar .....	115	—	—	—	—	—	—
Conserv. Analytical Lab. ....	654	—	—	—	—	—	—
Libraries .....	2,730	266	214	—	—	52	—
Exhibits .....	1,259	5	—	—	5	—	—
Traveling Exhib. Service .....	161	1,091	—	1,027	30	9	25
Archives .....	367	43	42	—	1	—	—
National Museum Act .....	794	—	—	—	—	—	—
Total Museum Programs	8,431	1,654	277	1,027	131	140	79
<i>Special Programs:</i>							
Am. Studies & Folklife Pgm. ..	447	561	405	—	54	—	102
Intl. Environmental Pgm. ....	408	—	—	—	—	—	—
Academic & Educational Pgm.	478	758	131	—	586	38	3
Collections Mgt./Inventory ...	543	—	—	—	—	—	—
Total Special Programs .	1,876	1,319	536	—	640	38	105
Associate Programs .....	—	39,038	282	38,677	23	15	41
Business Management .....	—	14,616	—	14,616	—	—	—
Administration .....	7,781	5,296	4,716	359	90	101	30
Less Overhead Recovery ....	—	(4,379)	(4,379)	—	—	—	—
Facilities Services .....	29,734	896	803	—	93	—	—
<i>Transfers Out/(In):</i>							
Treasury .....	267*	—	—	—	—	—	—
Coll. Acq., Schol. St., Outrch.	—	—	2,000	—	(2,000)	—	—
Liability Reserves .....	—	—	700	—	(700)	—	—
Net Auxiliary Activities .....	—	—	(8,600)	8,600	—	—	—
Other Designated Purposes ...	—	—	1,226	381	(1,623)	16	—
Plant .....	—	1,342	1,281	—	61	—	—
Endowment .....	—	2,788	2,021	—	10	757	—
Total Transfers .....	267	4,130	(1,372)	8,981	(4,252)	773	—
Total Funds Applied ...	\$107,764	\$99,122	\$ 2,588	\$73,101	\$ 4,922	\$ 5,629	\$12,882
FUND BALANCES 9/30/80 .. \$	—0—	\$19,571	\$ 5,001	\$ —0—	\$ 9,895	\$ 4,574	\$ 101

\* Unobligated funds returned to Treasury.

TABLE 3. *Grants and Contracts—Expenditures*  
(In \$1,000's)

<i>Federal Agencies</i>	<i>FY 1978</i>	<i>FY 1979</i>	<i>FY 1980</i>
Department of Defense .....	\$ 968	\$ 1,079	\$ 1,078
Department of Energy .....	266	304	340
Department of Health and Human Services.	311	288	280
Department of Interior .....	4	65	197
Environmental Protection Agency .....	422	31	—
National Aeronautics and Space Administration* .....	7,858	8,919	9,832
National Endowments for the Arts and Humanities .....	226	105	118
National Science Foundation** .....	400	385	651
Other .....	632	314	386
Total .....	<u>\$11,087</u>	<u>\$11,490</u>	<u>\$12,882</u>

\* Includes \$534,000 (FY 1978), \$583,000 (FY 1979), and \$554,000 (FY 1980) in subcontracts from other organizations receiving prime contract funding from NASA.

\*\* Includes \$137,000 (FY 1980) in NSF subcontracts from the Chesapeake Research Consortium.

Smithsonian units receiving research support included the Chesapeake Bay Center for Environmental Studies, the Radiation Biology Laboratory, the National Zoological Park, and the Office of Folk-life Programs.

#### NONAPPROPRIATED TRUST FUNDS

The Institution received a wide range of funding from nonfederal sources for a variety of purposes. These nonappropriated trust fund revenues totaled \$84,314,000 in the aggregate in fiscal year 1980, an increase of almost \$9 million, or 12 percent over fiscal year 1979. After excluding the auxiliary and bureau activity costs which are necessary to generate a portion of these revenues, the net income available for program purposes was \$18,381,000, a modest increase of 3 percent of net operating funds which, as may be seen in Tables 2, 4, and 5, supported programs throughout the Institution.

*Restricted* funds may be used only for the purposes specified by the donor or funding source. Total restricted fund revenues for the year were \$5,339,000, consisting of \$2,257,000 from gifts and



TABLE 4. *Restricted Operating Trust Funds\**  
Fiscal Years 1978-1980  
(In \$1,000's)

<i>Item</i>	<i>Invest- ment</i>	<i>Gifts</i>	<i>Misc.</i>	<i>Total rev- enue</i>	<i>Deduc- tions</i>	<i>Trans- fers in (out)</i>	<i>Net in- crease (de- crease)</i>	<i>Fund bal- ance end of year</i>
FY 1978—Total .....	<u>\$2,022</u>	<u>\$3,478</u>	<u>\$1,038</u>	<u>\$6,538</u>	<u>\$4,367</u>	<u>\$ (1,261)</u>	<u>\$ 910</u>	<u>\$4,428</u>
FY 1979—Total .....	<u>\$2,075</u>	<u>\$1,775</u>	<u>\$ 727</u>	<u>\$4,577</u>	<u>\$3,983</u>	<u>\$ (345)</u>	<u>\$ 249</u>	<u>\$4,864</u>
FY 1980:								
Museum of								
Natural History .....	\$ 154	\$ 327	\$ 2	\$ 483	\$ 479	\$ —	\$ 4	\$ 467
Astrophysical								
Observatory .....	48	38	(6)	80	123	18	(25)	11
Tropical Research								
Institute .....	17	45	—	62	50	—	12	56
National Air and								
Space Museum .....	108	5	3	116	251	(667)	(802)	147
Chesapeake Bay Center ..	12	200	—	212	112	—	100	105
Fort Pierce Bureau .....	664	—	—	664	366	—	298	441
Other Science .....	157	149	1	307	151	(101)	55	353
Museum of History								
and Technology .....	48	290	(4)	334	366	—	(32)	332
National Collection								
of Fine Arts .....	42	63	—	105	230	—	(125)	55
National Portrait Gallery .	34	179	3	216	139	—	77	409
Hirshhorn Museum .....	50	75	—	125	137	—	(12)	500
Freer Gallery of Art .....	818	26	487	1,331	1,050	—	281	633
Archives of								
American Art .....	26	117	249	392	464	—	(72)	268
Cooper-Hewitt Museum..	49	361	7	417	482	—	(65)	256
Museum of African Art ..	11	21	1	33	134	—	(101)	73
Traveling Exhibition								
Service .....	4	150	—	154	9	—	145	149
All Other .....	107	211	(10)	308	313	(23)	(28)	319
Total FY 1980 ....	<u>\$2,349</u>	<u>\$2,257</u>	<u>\$ 733</u>	<u>\$5,339</u>	<u>\$4,856</u>	<u>\$ (773)</u>	<u>\$ (290)</u>	<u>\$4,574</u>

\* Does not include Federal Agency Grants and Contracts.

grants, \$2,349,000 from investment income, and \$733,000 from other sources including fundraising events of the Archives of American Art and the museum shop of the Freer Gallery of Art. Endowment income, as outlined more fully below, provides major operating support for the Freer and for oceanographic research conducted at the Fort Pierce Bureau, as well as for a wide range of other research and educational projects throughout the Institution. Major gifts were received during the year for exhibitions of the Cooper-Hewitt Museum, the National Museum of History and Technology, the National Portrait Gallery, and the Smithsonian Institution Traveling Exhibition Service; for collections acquisition at the National Museum of Natural History and the Hirshhorn Museum and Sculpture Garden; for documentation of the Catalogue of American Portraits at the National Portrait Gallery; and for a long-term watershed monitoring project at the Chesapeake Bay Center for Environmental Studies. A transfer of \$650,000 of funds available for the general support of the National Air and Space Museum was made to endowment funds, in order to ensure permanent funding of the Lindbergh Chair of Aerospace History.

*Unrestricted Special Purpose* funds consist of revenues generated by bureau activities, such as the National Air and Space Museum film theater and the Cooper-Hewitt Museum membership program; interest earned on investment of bureau fund balances; revenue-sharing with bureaux housing centrally managed shop and concession activities; and allocations of funds for the Collections Acquisition, Scholarly Studies, and Educational Outreach programs (\$2 million per year), fellowship awards (\$822,000) and a number of other designated purposes. The Collections Acquisition Program this year permitted a joint purchase by the National Portrait Gallery and the Museum of Fine Arts, Boston, of the pair of Gilbert Stuart portraits of George and Martha Washington; exhibit of these paintings will alternate between the two museums for three-year periods.

*Unrestricted General Purpose* funds are moneys, primarily generated from auxiliary activities, that are available for general purposes of the Institution. Net general unrestricted funds, after expenses of auxiliary activities, totaled \$11,605,000 (see Table 6), approximately the same level as in fiscal year 1979. Financial activity of the auxiliary activities that accounted for most of this



TABLE 5. *Unrestricted Special Purpose Funds*  
*Fiscal Years 1978-1980*  
(In \$1,000's)

Item	Revenue				Deductions				
	Invest- ment	Bu- reau activ- ities	Gifts and other rev- enue	Total rev- enue	Trans- fers in/ (out)	Pro- gram ex- pense	Bu- reau activ- ity ex- pense	Net in- crease (de- crease)	Fund bal- ance end of year
FY 1978 .....	\$175	\$1,327	\$ 506	\$2,008	\$5,450	\$1,284	\$ 862	\$ 5,312	\$ 9,604
FY 1979 .....	\$254	\$2,039	\$ 661	\$2,954	\$3,707	\$3,262	\$1,436	\$ 1,963	\$11,567
FY 1980:									
Museum of Natural History	\$ 42	\$ 1	\$ 41	\$ 84	\$ 460	\$ 623	\$ 1	\$ (80)	\$ 266
Astrophysical Observatory ...	5	7	92	104	339	431	2	10	330
Tropical Research Institute .....	—	12	4	16	113	127	24	(22)	68
National Air and Space Museum.	195	1,177	16	1,388	147	226	1,048	261	2,443
Chesapeake Bay Center .....	—	22	4	26	30	91	15	(50)	14
National Zoological Park	74	—	215	289	49	152	—	186	999
Other Science ...	19	—	5	24	115	90	—	49	97
Museum of History and Technology ...	35	3	32	70	140	219	2	(11)	445
National Collection of Fine Arts .....	7	5	43	55	906	947	6	8	117
National Portrait Gallery	1	4	2	7	1,025	2,780	1	(1,749)	23
Hirshhorn Museum .....	10	—	9	19	12	49	—	(18)	123
Freer Gallery of Art .....	—	—	1	1	375	367	—	9	28
Cooper-Hewitt Museum .....	2	564	76	642	16	211	425	22	24
Museum of African Art ...	—	199	12	211	28	(8)	198	49	50
Liability Reserves	—	—	—	—	700	—	—	700	3,100
Unallocated Coll. Acq., Schol. St., and Outrch. ...	—	—	—	—	(1,134)	—	—	(1,134)	502
Fellowships .....	—	—	—	—	600	533	—	67	407
Other .....	40	55	219	314	331	523	91	31	859
FY 1980 Total	\$430	\$2,049	\$ 771	\$3,250	\$4,252	\$7,361	\$1,813	\$ (1,672)	\$ 9,895

TABLE 6. *Unrestricted Trust Funds—General and Auxiliary Activities*  
*Fiscal Years 1978–1980*  
(In \$1,000's)

<i>Item</i>	<i>FY 1978</i>	<i>FY 1979</i>	<i>FY 1980</i>
<b>FUNDS PROVIDED</b>			
General Income:			
Investments .....	\$ 1,400	\$ 2,276	\$ 2,470
Gifts .....	112	163	14
Miscellaneous .....	48	40	140
Total General Income .....	1,560	2,479	2,624
Auxiliary Activities Income (Net):			
Associates .....	7,656	6,429	6,113
Business Management			
—Museum Shops .....	738	287	1,022
—Concessions and Parking .....	1,567	1,641	1,938
—Other .....	(169)	(245)	(191)
Performing Arts .....	253	177	(75)
Smithsonian Press .....	(199)	292	252
Exposition Books .....	2,105	1,036	305
Traveling Exhibitions .....	(112)	(142)	(268)
Photo Services .....	(185)	(275)	(115)
Total Auxiliary Activities .....	11,654	9,200	8,981
Total Funds Provided (Net) .....	13,214	11,679	11,605
<b>EXPENDITURES AND TRANSFERS</b>			
Administrative and Program Expense ....	7,974	9,231	10,535
Less Administrative Recovery .....	5,200	5,888	6,575
Net Expense .....	2,774	3,343	3,960
Less Transfers:			
To Special Purpose			
for Program Purposes .....	5,700	3,879	4,307
To Plant Funds .....	869	1,853	1,281
To Endowment Funds .....	3,021	2,571	2,021
NET ADDITION TO FUND BALANCE ..	850	33	36
ENDING FUND BALANCE .....	\$ 4,932	\$ 4,965	\$ 5,001

income may be seen in Table 7. Total gross revenues of the activities increased almost \$8 million, or 12 percent. Since operating expenses rose in the same amount, driven by inflationary cost pressures, overall net income after expenses was relatively constant over the two years—roughly \$9 million. Some two-thirds of this auxiliary activity net income came from the Associate programs,



TABLE 7. *Auxiliary Activities Fiscal Years 1978–1980*  
(In \$1,000's)

Activity	Sales and other revenue	Gifts	Less cost of sales	Gross revenue	Ex- penses	Net reve- nue*** (loss)
FY 1978 .....	\$53,420	\$442	\$23,536	\$30,326	\$18,672	\$11,654
FY 1979 .....	\$64,846	\$475	\$31,884	\$33,437	\$24,237	\$ 9,200
FY 1980:						
Associates .....	\$43,892	\$898	\$30,686	\$14,104	\$ 7,991	\$ 6,113
Business Management:						
—Museum Shops* .....	14,588	—	7,273	7,315	6,293	1,022
—Concessions/Parking .	2,427	—	—	2,427	489	1,938
—Other** .....	370	—	—	370	561	(191)
Performing Arts .....	3,446	—	1,063	2,383	2,458	(75)
Smithsonian Press .....	2,131	—	1,003	1,128	876	252
Exposition Books .....	4,346	—	1,492	2,854	2,549	305
Traveling Exhibitions ....	759	—	—	759	1,027	(268)
Photo Services						
(Administration) .....	244	—	52	192	307	(115)
Total FY 1980 .....	\$72,203	\$898	\$41,569	\$31,532	\$22,551	\$ 8,981

\* Includes Museum Shops, Mail Order.

\*\* Includes Business Management Office, Belmont.

\*\*\* Before revenue-sharing transfers to participating Smithsonian bureaux of \$390,000 (FY 1978); \$397,000 (FY 1979); and \$381,000 (FY 1980).

generated largely by the *Smithsonian* magazine which has maintained its large number of enthusiastic readers. Also contributing sizable surpluses for other needs of the Institution were the Museum Shop and Mail Order divisions, owing to unexpectedly strong sales from three mail order catalogues, and the concessions/parking revenues, which benefitted from the popularity of the Institution's museums. Publications of both the Smithsonian Institution Press and Smithsonian Exposition Books sold well during the year, largely through mail order, and the combined surplus of these programs exceeded \$550,000. The unusually high level of interest rates during fiscal year 1980 as well as prior year additions to endowment funds resulted in investment income of \$2,470,000 last year, some \$200,000 higher than the prior year.

These funds enabled the Institution to continue programmatic and administrative support to a large number of bureaux, partic-

ularly the Cooper-Hewitt Museum, the Office of Folklife Programs, the Visitor Information and Associates' Reception Center, and the Office of Telecommunications. Transfers to Special Purpose funds were made to continue the Collections Acquisition, Scholarly Studies, and Educational Outreach programs (\$2 million), Fluid Research awards which meet small equipment, travel, and research needs of Smithsonian professional staff (\$200,000), and the Smithsonian Fellowship Program, at an increased level of stipend support to pre- and postdoctoral fellows (\$822,000).

As in past years, an addition of some \$2 million to the Institution's Unrestricted Endowment Funds was made at year-end, in order to ensure continuation in the future of projects supported from current revenues. As described below, transfers were also made to support construction projects, primarily the Quadrangle and the Sensory Garden. The Quadrangle also received \$40,000 this year from contributions of the Smithsonian Society of the Associates, which is expected to provide further support to the project in the future.

### *Other Operating Programs*

A separate appropriation of \$4.2 million was received for the Smithsonian Special Foreign Currency Program in blocked foreign currencies accumulated from sales of surplus agricultural commodities under Public Law 83-480. Of this amount, \$3.7 million (the same amount as in fiscal year 1979) was to continue a program of research grants to United States institutions in Egypt, India, Pakistan, and Burma in the disciplines of archaeology, systematic and environmental biology, astrophysics and earth sciences, and museum programs. The remaining \$500,000 was to establish a reserve of Indian rupees to ensure continued program support of the American Institute of Indian Studies after the supply of "excess" rupees is depleted. Obligation of these funds is shown in Table 8 by country and research discipline.

In fiscal year 1980 funds for support of the Smithsonian Science Information Exchange were appropriated to the Department of Commerce, rather than the Smithsonian as in prior years, and are therefore not reflected in this report.



TABLE 8. *Special Foreign Currency Program*  
*Fiscal Year 1980—Obligations*

Country	Archae- ology	System- atic and environ- mental biology	Astro- physics and earth sciences	Mu- seum pro- grams	Grant admin- istra- tion	Total
Burma . . . . .	\$ 12,200	\$ 15,663	\$ —	\$ —	\$ —	\$ 27,863
Egypt . . . . .	1,062,986	35,987	48,769	22,776	—	1,170,518
India . . . . .	2,497,558	218,146	40,196	234,313	41,339	3,031,552
Pakistan . . .	70,562	148,284	—	—	—	218,846
Total ..	<u>\$3,643,306</u>	<u>\$418,080</u>	<u>\$88,965</u>	<u>\$257,089</u>	<u>\$41,339</u>	<u>\$4,448,779*</u>

\* An additional amount of \$243,077 was obligated by the National Science Foundation, Science Information Program, for translations and printing of scientific publications requested by the Smithsonian Institution.

## Construction

In fiscal year 1980 an amount of \$32.1 million was appropriated to the Institution for construction projects of high priority to the Institution. The major portion of this funding, \$20.6 million, was for construction of the Museum Support Center in Suitland, Maryland. A further \$6.3 million was provided for development and repair of facilities of the National Zoological Park; major projects included design of the Aquatic Habitats Area and continuation of Central Area construction at Rock Creek Park, as well as design of a small mammal and bird breeding complex and construction of a centralized hoofed stock management complex at Front Royal. Finally, an amount of approximately \$5.3 million, more than twice the amount appropriated in fiscal year 1979, was designated for repairs and renovations at all other Smithsonian facilities. Of this amount, \$3.7 million was for phased programs such as façade and roof repairs at the National Museum of History and Technology as well as the Renwick Gallery and the Arts and Industries Building; the installation of fire detection and suppression systems; improvement of access for the disabled; the correction of hazardous conditions; repair of heating, ventilating, and air conditioning systems; and site development at the Mt. Hopkins, Arizona, observa-

TABLE 9. *Construction and Plant Funds Fiscal Years 1978–1980*  
(In \$1,000's)

<i>Sources</i>	<i>FY 1978</i>	<i>FY 1979</i>	<i>FY 1980</i>
<b>FUNDS PROVIDED</b>			
<b>Federal Appropriations:</b>			
National Zoological Park .....	\$2,500	\$3,900	\$ 6,250
Museum Support Center .....	325	575	20,600*
Restoration & Renovation of Buildings ..	2,425	2,100	5,250
Total Federal Appropriations .....	<u>5,250</u>	<u>6,575</u>	<u>32,100</u>
<b>Nonappropriated Trust Funds:</b>			
<b>Income—Gift and Other</b>			
Cooper-Hewitt Museum .....	60	—	104
Quadrangle .....	—	5	1,051
Total Income .....	<u>60</u>	<u>5</u>	<u>1,155</u>
<b>Transfers from Current Funds:</b>			
Barney House .....	70	—	—
Chesapeake Bay Center .....	344	411	39
Cooper-Hewitt Museum .....	(10)	—	—
Museum of African Art .....	—	4	22
National Zoological Park .....	110	—	—
Renwick Gates (Victorian Garden) ....	225	—	—
Sensory and East Gardens .....	100	10	241
Quadrangle .....	30	1,385	1,040
Tropical Research Institute .....	—	47	—
Total Transfers .....	<u>869</u>	<u>1,857</u>	<u>1,342</u>
<b>Total Funds Provided .....</b>	<u><u>\$6,179</u></u>	<u><u>\$8,437</u></u>	<u><u>\$34,597</u></u>

\* Obligation authority of \$19 million deferred until FY 1981 on instructions from Office of Management and Budget.

tory. The balance of these funds were applied to numerous other facility improvement projects required to preserve and to maintain the Institution's buildings in safe and working order.

A total of \$1,342,000 in nonappropriated funds was transferred to facilities development and land acquisition in fiscal year 1980, and a further \$1,155,000 of gifts and other income was received for construction projects. A gift of \$1 million for the Quadrangle was received in March 1980 from the government of Japan in fulfillment of its earlier pledge toward this facility. In addition, the Institution set aside a further \$1 million of unrestricted trust funds for the Quadrangle, of which \$500,000 was designated for use in fiscal year 1980 to continue planning and engineering



studies for congressional review prior to the appropriation of federal funds for this project. Additional funds were transferred for development of a Sensory Garden to be located in the area to the east of the Arts and Industries Building and for minor payments related to land acquisition at the Chesapeake Bay Center and the Museum of African Art.

### *Endowment and Similar Funds*

The Smithsonian Endowment Funds, as shown on Table 10, totaled \$78,390,000 on September 30, 1980, as compared to \$66,619,000 on September 30, 1979. Of these funds, \$77,330,000 is invested

TABLE 10. *Endowment and Similar Funds September 30, 1980*

	<i>Book value</i>	<i>Market value</i>
ASSETS		
Pooled Consolidated Endowment Funds:		
Cash and Equivalents .....	\$ 476,218	\$ 476,218
Bonds .....	12,850,192	13,821,370
Convertible Bonds .....	621,000	689,000
Stocks .....	49,423,674	62,343,318
Total Pooled Funds .....	63,371,084	77,329,906
Nonpooled Endowment Funds:		
Notes Receivable .....	38,138	38,138
Loan to U.S. Treasury in Perpetuity .....	1,000,000	1,000,000
Bonds .....	9,769	8,800
Common Stocks .....	3,321	13,095
Total Nonpooled Funds .....	1,051,228	1,060,033
Total Endowment and Similar Fund Balances ..	\$64,422,312	\$78,389,939
FUND BALANCES		
Unrestricted Purpose: True Endowment .....	\$ 2,472,281	\$ 3,519,606
Quasi Endowment .....	22,439,628	25,763,348
Total Unrestricted Purpose .....	24,911,909	29,282,954
Restricted Purpose: True Endowment .....	35,918,089	44,992,715
Quasi Endowment .....	3,592,314	4,114,270
Total Restricted Purpose .....	39,510,403	49,106,985
Total Endowment and Similar Fund Balances ..	\$64,422,312	\$78,389,939

in the Pooled Consolidated Endowment Fund, \$1 million is on permanent deposit in the United States Treasury, and the remaining \$60,000 is held in miscellaneous securities. The majority of the Institution's endowment funds (\$49,107,000, or 63 percent) is restricted, with income available for use only as specified by the original donor; the remaining \$29,283,000, or 37 percent, is unrestricted and supports general programs of the Institution. A portion of these latter funds, however, has been designated by the Institution for specific purposes, such as the Lindbergh Chair of Aerospace History Endowment, which will enable term appointments of leading scholars at the National Air and Space Museum. The unrestricted endowments have grown in recent years owing largely to transfers of moneys from current funds, as approved by the Board of Regents; \$2,660,000 was so transferred in fiscal year 1980, and \$2,650,000 in fiscal year 1979. During the year, a thorough review of all endowment funds was conducted to ensure proper classification and documentation of their sources and restrictions, resulting in the reclassification of several funds. A full listing of all endowment funds may be seen in Table 13.

The Pooled Consolidated Endowment Fund is invested under the management of outside professional advisory firms under close supervision of the Investment Policy Committee and the Treasurer, subject to policy guidelines approved by the Smithsonian's Board of Regents. As of the end of this year these firms, with the portion of the Fund under their management, were Batterymarch Financial Management (30 percent), Fiduciary Trust Company of New York (53 percent), and Torray Clark & Company (17 percent). During fiscal year 1980, the total rate of return (market appreciation as well as interest and dividend yield) of the Pooled Consolidated Endowment Fund, as calculated by an independent investment measurement service, was +18.8 percent, as compared to +12.9 percent for the Dow Jones Industrial Average, and +21.2 percent for the Standard & Poor's 500 Average, both calculated on the same basis. Of the \$11,774,000 increase in market value of the Fund during the year, \$7,829,000 was due to market appreciation, \$2,846,000 to gifts and transfers, and \$1,099,000 to dividend and interest yield reinvested in principal (see Table 12).

Under the Total Return Income policy followed by the Institution, a prudent portion of investment return (interest, dividends,



TABLE 11. *Market Values of Pooled Consolidated Endowment Funds*  
(In \$1,000's)

<i>Fund</i>	<i>9/30/76</i>	<i>9/30/77</i>	<i>9/30/78</i>	<i>9/30/79</i>	<i>9/30/80</i>
Unrestricted .....	\$ 8,336	\$12,525	\$18,114	\$22,614	\$28,384
Freer .....	16,035	15,410	16,807	18,303	20,771
Endowment No. 3 .....	12,701	12,343	13,462	15,022	17,047
Restricted .....	6,561	6,601	8,647	9,617	11,128
Total .....	<u>\$43,633</u>	<u>\$46,879</u>	<u>\$57,030</u>	<u>\$65,556</u>	<u>\$77,330</u>

TABLE 12. *Changes in Pooled Consolidated Endowment Funds*  
*for Fiscal Year 1980*  
(In \$1,000's)

<i>Fund</i>	<i>Market value 9/30/79</i>	<i>Gifts and trans- fers</i>	<i>Inter- est and divi- dends*</i>	<i>Income paid out</i>	<i>Sub- total</i>	<i>Market value appre- ciation</i>	<i>Market value 9/30/80</i>
Unrestricted .....	\$22,614	\$2,660	\$1,334	\$ 951	\$25,657	\$2,727	\$28,384
Freer .....	18,303	—	1,068	763	18,608	2,163	20,771
Endowment No. 3 ...	15,022	—	876	626	15,272	1,775	17,047
Restricted .....	9,617	186	567	406	9,964	1,164	11,128
Total .....	<u>\$65,556</u>	<u>\$2,846</u>	<u>\$3,845</u>	<u>\$2,746</u>	<u>\$69,501</u>	<u>\$7,829</u>	<u>\$77,330</u>

\* Income earned less managers' fees.

and capital appreciation) is available for expenditure each year as income, and the remainder is retained as principal. This total return income payout is determined each year based on a review of anticipated dividend and interest yields, support needs of the Institution's bureaux, inflationary factors, and the five-year running average of market values, adjusted for additions or withdrawals of capital. The amount of such income paid in fiscal year 1980 to endowments in the Pooled Consolidated Endowment Fund represented an increase of 5.5 percent over the fiscal year 1979 rate of income, and a further increase of 10 percent has been approved for fiscal year 1981. Even after this payout, \$1,099,000 of excess interest and dividend yield was available for reinvestment into principal.

TABLE 13. *Endowment Funds September 30, 1980*

Fund	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
UNRESTRICTED PURPOSE—TRUE:				
Avery Fund* .....	\$ 77,212	\$ 115,453	\$ 4,568	\$ —0—
Higbee, Harry Memorial* .....	21,771	33,644	1,263	—0—
Hodgkins Fund* .....	178,777	195,737	9,890	—0—
Morrow, Dwight W. ....	123,749	198,873	7,307	—0—
Mussinán, Alfred .....	41,786	58,159	2,137	—0—
Olmsted, Helen A. ....	1,332	2,030	74	—0—
Poore, Lucy T. and George W.* .....	287,043	450,614	17,176	—0—
Porter, Henry Kirke, Memorial .....	458,300	734,365	26,982	—0—
Sanford, George H.* .....	2,525	3,380	150	—0—
Smithson, James .....	541,380	541,380	32,483	—0—
Walcott, Charles D. and Mary Vaux, Research (Designated) .....	738,406	1,185,971	43,686	28,874
Subtotal .....	2,472,281	3,519,606	145,716	28,874
UNRESTRICTED PURPOSE—QUASI:				
Forrest, Robert Lee .....	2,244,621	2,213,074	81,312	—0—
General Endowment* .....	18,307,656	21,467,383	724,171	—0—
Goddard, Robert H. ....	17,756	17,526	644	—0—
Habel, Dr. S.* .....	500	500	30	—0—
Hart, Gustavus E. ....	1,013	1,311	48	—0—
Henry, Caroline .....	2,515	3,235	119	—0—
Henry, Joseph and Harriet A. ....	101,647	129,380	4,753	—0—
Heys, Maude C. ....	213,413	215,344	7,912	—0—
Hinton, Carrie Susan .....	53,770	62,918	2,312	—0—
Lambert, Paula C. ....	95,604	115,572	4,246	—0—
Medinus, Grace L. ....	2,106	2,142	79	—0—
Rhees, William Jones* .....	1,572	1,844	81	—0—
Safford, Clara Louise .....	96,042	100,586	3,696	—0—
Smithsonian Bequest Fund .....	10,077	10,883	264	—0—
Taggart, Ganson .....	786	1,225	45	—0—
Abbott, William L. (Designated) .....	246,935	313,690	11,526	—0—
Barstow, Frederic D. (Designated) ....	2,070	2,622	96	2,893
Lindbergh Chair of Aerospace History (Designated) .....	1,025,977	1,086,447	17,522	30,141
Lindbergh, Charles A. (Designated) ...	6,653	8,318	771	2,838
Lyon, Marcus Ward, Jr. (Designated) ..	8,915	9,348	343	343
Subtotal .....	22,439,628	25,763,348	859,970	36,215
Total Unrestricted Purpose .....	\$24,911,909	\$29,282,954	\$1,005,686	\$ 65,089
RESTRICTED PURPOSE—TRUE:				
Arthur, James .....	\$ 64,003	\$ 102,746	\$ 3,775	\$ 4,889
Baird, Spencer Fullerton .....	58,710	91,844	3,374	3,727
Barney, Alice Pike, Memorial .....	45,900	73,628	2,705	12,896
Batchelor, Emma E. ....	68,534	76,161	2,798	27,435
Beauregard, Catherine, Memorial .....	81,147	102,889	3,780	12,941
Brown, Roland W. ....	53,914	70,614	2,594	12,159
Canfield, Frederick A. ....	60,982	113,203	4,159	812
Casey, Thomas Lincoln .....	25,974	32,986	1,212	2,832
Chamberlain, Frances Lea .....	45,067	72,294	2,656	9,378
Cooper Fund for Paleobiology .....	21,878	25,651	867	6
Division of Mammals Curators Fund ...	3,584	4,330	159	2,946
Drake Foundation* .....	333,084	386,714	14,130	34,123
Dykes, Charles, Bequest .....	89,207	113,236	4,160	23,030
Eickemeyer, Florence Brevoort .....	17,396	27,894	1,025	9,287
Endowment No. 3 .....	13,716,662	17,046,912	630,170	440,529
Freer, Charles L. ....	16,422,587	20,771,334	763,235	400,234
Guggenheim, Daniel and Florence .....	248,702	265,110	9,740	—0—
Hamilton, James* .....	3,144	3,612	191	191
Henderson, Edward P., Meteorite Fund..	644	914	34	213
Hewitt, Eleanor G., Repair Fund .....	14,529	16,668	612	—0—
Hewitt, Sarah Cooper .....	86,004	98,384	3,615	—0—
Hitchcock, Albert S. ....	2,524	4,116	152	852



TABLE 13. *Endowment Funds September 30, 1980—continued*

Fund	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
Hodgkins Fund* .....	100,000	100,000	6,000	7,025
Hrdlicka, Ales and Marie .....	97,654	127,915	4,700	3,721
Hughes, Bruce .....	30,631	49,197	1,808	13,427
Kellogg, Remington, Memorial .....	51,459	52,845	1,906	5,330
Kramar, Nada .....	5,570	6,725	247	1,138
Lindsey, Jessie H.* .....	11,177	10,496	792	3,354
Maxwell, Mary E. ....	31,389	50,407	1,852	11,624
Milliken, H. Oothout, Memorial .....	429	490	18	—0—
Mineral Endowment .....	193,887	226,377	8,317	2,463
Mitchell, William A. ....	26,344	30,968	1,138	2,372
Natural History and Conservation .....	27,997	33,244	1,142	—0—
Nelson, Edward William .....	38,151	57,081	2,097	—0—
Petrocelli, Joseph, Memorial .....	11,862	19,120	703	13,151
Reid, Addison T.* .....	47,854	57,779	2,379	8,402
Roebbling Fund .....	193,325	308,349	11,330	142
Rollins, Miriam and William .....	360,965	504,076	18,312	12,231
Shryock Endowment for Docents .....	1,341	1,461	35	35
Sprague Fund .....	2,582,750	3,014,222	109,515	25,496
Springer, Frank .....	28,976	46,013	1,691	22,862
Stern, Harold P., Memorial .....	275,560	323,324	11,320	12,509
Stevenson, John A., Mycological Library .....	9,990	12,571	462	509
Walcott, Charles D. and Mary Vaux, Research .....	232,367	313,186	12,166	8,644
Walcott Research Fund, Botanical Publications* .....	92,715	143,210	5,262	8,380
Zerbee, Frances Brinckle .....	1,520	2,419	90	2,521
Subtotal .....	35,918,089	44,992,715	1,658,425	1,163,816
RESTRICTED PURPOSE—QUASI:				
Armstrong, Edwin James .....	5,512	6,249	225	—0—
Au Panier Fleuri .....	42,956	42,576	1,564	—0—
Bacon, Virginia Purdy .....	187,993	213,691	7,851	29,823
Becker, George F. ....	323,051	369,860	13,589	—0—
Desautels, Paul E. ....	18,769	24,361	875	—0—
Gaver, Gordon .....	2,484	3,008	110	622
Hachenberg, George P. and Caroline ...	8,369	11,243	413	413
Hanson, Martin Gustav and Caroline R. ....	18,421	23,382	859	3,599
Hillyer, Virgil .....	13,620	17,298	636	4,947
Johnson, E. R. Fenimore .....	16,615	17,313	636	10,332
Loeb, Morris .....	181,031	231,901	8,520	14,684
Long, Annette E. and Edith C. ....	869	1,432	53	258
Myer, Catherine Walden .....	41,866	53,148	1,953	5,524
Noyes, Frank B. ....	2,015	2,679	98	2,214
Noyes, Pauline Riggs .....	20,222	20,063	737	—0—
Pell, Cornelia Livingston .....	15,380	19,621	721	47
Ramsey, Adm. and Mrs. Dewitt Clinton* .....	608,239	645,001	24,259	3,788
Rathbun, Richard, Memorial .....	22,061	28,113	1,033	15,290
Roebbling Solar Research .....	51,052	60,444	2,221	2,776
Ruef, Bertha M. ....	64,797	67,467	2,479	4,283
Schultz, Leonard P. ....	16,076	20,337	747	11,323
Seidell, Atherton .....	1,284,402	1,461,248	53,689	114,126
Smithsonian Agency Account .....	358,455	408,450	14,064	—0—
Strong, Julia D. ....	20,737	26,417	970	1,344
Witherspoon, Thomas A., Memorial ....	267,322	338,968	12,454	12,454
Subtotal .....	3,592,314	4,114,270	150,756	237,847
Total Restricted Purpose .....	\$39,510,403	\$49,106,985	\$1,809,181	\$1,401,663
TOTAL ENDOWMENT FUNDS .....	\$64,422,312	\$78,389,939	\$2,814,867**	\$1,466,752

\* Invested all or in part in U.S. Treasury or other nonpooled investments.

\*\* Total Return Income payout; does not include \$127,000 of interest income for investment of unexpended income balances.

A listing of the securities held in the Pooled Consolidated Endowment Fund as of September 30, 1980, may be obtained upon request from the Treasurer of the Institution.

### *Related Organizations*

The Smithsonian Science Information Exchange, Inc. (SSIE) is devoted to facilitating the planning, management, and coordination of the nation's research through the collection, processing, and dissemination of information about ongoing research. Incorporated by the Smithsonian in 1971 as a separate nonprofit entity, SSIE was funded in past years through an annual contract from the Smithsonian, equal to the appropriation provided the Smithsonian for this purpose. As noted in last year's report, the fiscal 1980 appropriation for SSIE was made to the Department of Commerce in anticipation of the integration of the functions of SSIE into the National Technical Information Service (NTIS). Pending consolidation of these activities and termination of the corporation, the Smithsonian has continued to provide SSIE with administrative and fiscal services on a contract basis.

Reading is Fundamental, Inc. (RIF), associated with the Institution since 1968, is an independent, separately incorporated entity dedicated to the improvement of reading abilities in children. Primary support is derived from private contributions and a federal contract with the Department of Education to operate the federal Inexpensive Book Distribution Program. Administrative services are provided by the Institution on a contract basis.

The Woodrow Wilson International Center for Scholars, the National Gallery of Art, and the John F. Kennedy Center for the Performing Arts were established by Congress within the Institution but are administered by separate boards of trustees. Independent financial reports are prepared by each of these organizations. Office space and fiscal and other administrative and support services are provided the Woodrow Wilson International Center for Scholars on a reimbursement basis.

The Friends of the National Zoo (FONZ) is an independent, nonprofit corporation working closely with the National Zoological



Park. It operates under contract a number of beneficial concessions for the National Zoo. FONZ provided concession and rental fees to the Zoo amounting to more than \$147,000 during calendar year 1979 (FONZ's fiscal year). In addition, FONZ contributed other important financial and volunteer support for Zoo programs. Financial affairs of this organization are disclosed separately elsewhere in *Smithsonian Year 1980*.

## *Accounting and Auditing*

The nonappropriated trust funds of the Institution are audited annually by an independent public accounting firm; the report of Coopers & Lybrand is contained in the following pages. Additional reviews are conducted annually on a number of Smithsonian activities by the internal audit staff. Additionally, the Defense Contract Audit Agency conducts an annual audit of grants and contracts received from federal agencies, as well as general and administrative costs.

The Audit and Review Committee of the Regents held several meetings during the year pursuant to their responsibility, under the bylaws of the Institution, for reviewing the Smithsonian's accounting systems and internal financial controls; for facilitating communication between the Board of Regents and auditors from the internal audit staff, the independent accounting firm, and the General Accounting Office; and for reviewing operations of the Institution for compliance with approved programs and policies.



Distinctive museum shop displays have won design awards and keep business at a brisk pace year round. Carrying out the theme of the Centennial in the Arts and Industries Building, the Smith & Sun Photographic Gallery in the 1876 Museum Shop produces authentic tintypes and supplies period costumes. *Below.* The Craft Shop in the National Museum of History and Technology features handmade crafts from across the United States. Articles on sale are similar to those on display in the museum, this being the marketing rationale.





# COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS  
OF THE WORLD

To the Board of Regents  
Smithsonian Institution

We have examined the balance sheet of the Trust Funds of Smithsonian Institution as of September 30, 1980 and the related statement of financial activity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the statements of the Trust Funds of Smithsonian Institution for the year ended September 30, 1979, totals of which are included in the accompanying financial statements for comparative purposes only.

The statements of the Trust Funds of Smithsonian Institution do not include the accounts of the National Gallery of Art, the John F. Kennedy Center for the Performing Arts, or other departments, bureaus and programs administered by the Smithsonian Institution under federal appropriations as detailed in Note 2 to the financial statements.

In our opinion, the financial statements for the year ended September 30, 1980, referred to above, present fairly the financial position of the Trust Funds of Smithsonian Institution as of September 30, 1980, and the results of operations and changes in fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND

1800 M Street, N.W.  
Washington, D.C. 20036  
November 28, 1980

# SMITHSONIAN INSTITUTION—TRUST FUNDS

## Balance Sheet

September 30, 1980

(with comparative totals for September 30, 1979)

	<i>Current funds</i>
<hr/>	
ASSETS:	
Cash .....	\$ 39,958
Investments (Notes 3 and 5) .....	21,785,307
Receivables (Note 4) .....	11,051,484
Interfund receivables .....	—
Merchandise inventory (Note 1) .....	6,244,380
Prepaid and deferred expense (Note 1) .....	7,294,999
Property and equipment (Notes 1 and 6) .....	1,469,019
	<u>\$47,885,147</u>
LIABILITIES:	
Accounts payable and accrued expenses .....	\$ 5,759,026
Deposits held in custody for other organizations (Note 2) ..	1,218,910
Interfund payables .....	4,272,661
Deferred revenue (Note 1) .....	17,063,378
Total liabilities .....	<u>28,313,975</u>
FUND BALANCES (Note 1):	
Current:	
Unrestricted general purpose .....	5,000,736
Special purpose .....	9,895,106
Restricted .....	4,675,330
Endowment and similar funds (Note 5) .....	—
Plant funds (Note 6) .....	—
Total fund balances .....	<u>19,571,172</u>
	<u>\$47,885,147</u>
<hr/>	

The accompanying notes are an integral part of the financial statements.



*Endowment  
and similar  
funds*

*Plant funds*

*Total, all funds*

*Totals, 1979*

\$ 41,164	\$ —	\$ 81,122	\$ 1,129,402
63,907,957	—	85,693,264	79,127,984
38,138	—	11,089,622	9,873,408
435,053	3,837,608	4,272,661	4,308,574
—	—	6,244,380	4,505,523
—	—	7,294,999	6,414,963
—	12,543,726	14,012,745	13,203,767
<u>\$64,422,312</u>	<u>\$16,381,334</u>	<u>\$128,688,793</u>	<u>\$118,563,621</u>

\$ —	\$ 209,846	\$ 5,968,872	\$ 5,656,838
—	—	1,218,910	1,745,609
—	—	4,272,661	4,308,574
—	—	17,063,378	13,247,924
<u>—</u>	<u>209,846</u>	<u>28,523,821</u>	<u>24,958,945</u>

—	—	5,000,736	4,964,511
—	—	9,895,106	11,567,125
—	—	4,675,330	4,900,178
64,422,312	—	64,422,312	58,479,808
—	16,171,488	16,171,488	13,693,054
<u>64,422,312</u>	<u>16,171,488</u>	<u>100,164,972</u>	<u>93,604,676</u>
<u>\$64,422,312</u>	<u>\$16,381,334</u>	<u>\$128,688,793</u>	<u>\$118,563,621</u>

# SMITHSONIAN INSTITUTION—TRUST FUNDS

## Statement of Financial Activity

Year ended September 30, 1980

(with comparative totals for the year ended September 30, 1979)

		Current funds	
		Total	Unrestricted
	Total	Total	General
	current	unrestricted	purpose
	funds	funds	
REVENUE AND OTHER ADDITIONS:			
Auxiliary activities revenue .....	\$74,251,010	\$74,251,010	\$ —
Federal grants and contracts .....	12,946,943	—	—
Investment income (net of \$283,955 for management and custodian fees) .....	6,348,438	3,282,808	2,822,779
Net gain on sale of securities .....	252	252	252
Gifts, bequests and foundation grants .....	3,226,682	969,453	14,005
Additions to plant fund .....	—	—	—
Rentals, fees, commissions and other .....	2,225,672	1,492,995	778,958
Total revenue and other additions .....	98,998,997	79,996,518	3,615,994
EXPENDITURES AND OTHER DEDUCTIONS:			
Research and educational expenditures .....	24,472,580	9,709,811	2,457,778
Administrative expenditures .....	8,077,438	5,103,286	2,140,313
Auxiliary activities expenditures .....	63,079,852	63,079,852	—
Expenditures for acquisition of plant .....	—	—	—
Retirement of indebtedness .....	—	—	—
Interest on indebtedness .....	—	—	—
	95,629,870	77,892,949	4,598,091
Excess of revenue and other additions over (under) expenditures and other deductions..	3,369,127	2,103,569	(982,097)
TRANSFERS AMONG FUNDS—			
ADDITIONS (DEDUCTIONS):			
Mandatory principal and interest on notes .....	(61,371)	(61,371)	(38,992)
Portion of investment yield appropriated (Note 5) ..	(1,099,438)	(383,021)	(353,033)
Purchase of property and equipment for plant fund	(530,698)	(530,698)	(530,698)
Future plant acquisitions .....	(710,060)	(710,060)	(671,802)
Income added to endowment principal .....	(107,474)	—	—
Appropriated as quasi endowment .....	(2,680,728)	(2,030,728)	(2,021,053)
For designated purposes .....	(40,000)	(23,485)	(3,966,025)
Net increase in auxiliary activities .....	—	—	8,599,925
Total transfers among funds .....	(5,229,769)	(3,739,363)	1,018,322
Net increase (decrease) for the year .....	(1,860,642)	(1,635,794)	36,225
Fund balances at beginning of year .....	21,431,814	16,531,636	4,964,511
Fund balances at end of year .....	\$19,571,172	\$14,895,842	\$ 5,000,736

The accompanying notes are an integral part of the financial statements.



<i>Auxiliary activities</i>	<i>Special purpose</i>	<i>Restricted</i>	<i>Endowment and similar funds</i>	<i>Plant funds</i>	<i>Total, all funds</i>	<i>Totals, 1979</i>
\$72,202,047	\$ 2,048,963	\$ —	\$ —	\$ —	\$ 74,251,010	\$66,884,616
—	—	12,946,943	—	—	12,946,943	11,411,790
—	460,029	3,065,630	—	58,964	6,407,402	5,598,435
—	—	—	1,998,957	—	1,999,209	506,101
898,835	56,613	2,257,229	55,907	1,096,507	4,379,096	2,554,149
—	—	—	—	665,896	665,896	395,971
—	714,037	732,677	—	—	2,225,672	1,983,617
<u>73,100,882</u>	<u>3,279,642</u>	<u>19,002,479</u>	<u>2,054,864</u>	<u>1,821,367</u>	<u>102,875,228</u>	<u>89,334,679</u>
—	7,252,033	14,762,769	—	—	24,472,580	18,375,482
2,593,470	369,503	2,974,152	—	—	8,077,438	6,842,542
61,526,783	1,553,069	—	—	—	63,079,852	55,015,797
—	—	—	—	623,691	623,691	348,921
—	—	—	—	42,205	42,205	47,049
—	—	—	—	19,166	19,166	9,021
<u>64,120,253</u>	<u>9,174,605</u>	<u>17,736,921</u>	<u>—</u>	<u>685,062</u>	<u>96,314,932</u>	<u>80,638,812</u>
<u>8,980,629</u>	<u>(5,894,963)</u>	<u>1,265,558</u>	<u>2,054,864</u>	<u>1,136,305</u>	<u>6,560,296</u>	<u>8,695,867</u>
—	(22,379)	—	—	61,371	—	—
—	(29,988)	(716,417)	1,099,438	—	—	—
—	—	—	—	530,698	—	—
—	(38,258)	—	—	710,060	—	—
—	—	(107,474)	107,474	—	—	—
—	(9,675)	(650,000)	2,680,728	—	—	—
(380,704)	4,323,244	(16,515)	—	40,000	—	—
(8,599,925)	—	—	—	—	—	—
<u>(8,980,629)</u>	<u>4,222,944</u>	<u>(1,490,406)</u>	<u>3,887,640</u>	<u>1,342,129</u>	<u>—</u>	<u>—</u>
—	(1,672,019)	(224,848)	5,942,504	2,478,434	6,560,296	8,695,867
—	11,567,125	4,900,178	58,479,808	13,693,054	93,604,676	84,908,809
<u>\$ —</u>	<u>\$ 9,895,106</u>	<u>\$ 4,675,330</u>	<u>\$64,422,312</u>	<u>\$16,171,488</u>	<u>\$100,164,972</u>	<u>\$93,604,676</u>

# SMITHSONIAN INSTITUTION—TRUST FUNDS

## Notes to Financial Statements

### 1. *Summary of significant accounting policies*

*Basis of presentation.* The financial statements of Smithsonian Institution—Trust Funds (Institution) have been prepared on the accrual basis.

*Fund accounting.* To ensure observance of limitations and restrictions placed on the use of resources available to the Institution, the accounts of the Institution are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Institution are reported in self-balancing fund groups as follows:

Current funds, which include unrestricted and restricted resources, represent the portion of expendable funds that is available for support of Institution operations. Separate subfund groups of current unrestricted funds have been reflected in the financial statements for auxiliary activities (representing primarily the revenue and expenditures of the Smithsonian Associates Program, including the *Smithsonian Magazine*, and museum shop sales) and for special purposes (representing internally segregated funds for certain designated purposes). Amounts restricted by the donor for specific purposes are also segregated from other current funds.

Endowment and similar funds include funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used. Also classified as endowment and similar funds are gifts which will allow the expenditure of principal but only under certain specified conditions and quasi-endowment funds. Quasi-endowment funds are funds established by the governing board for the same purposes as endowment funds; however, any portion of such funds may be expended. Restricted quasi-endowment funds represent gifts for restricted purposes where there is no stipulation that the principal be maintained in perpetuity or for a period of time, but the governing board has elected to invest the principal and expend only the income for the purpose stipulated by the donor.

Plant funds represent resources restricted for future plant acquisitions and funds expended for plant.

All gains and losses arising from the sale, collection or other disposition of investments are accounted for in the fund in which the related assets are recorded. Income from investments is accounted for in a similar manner, except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.



*Inventories.* Inventories are carried at the lower of average cost, computed on a first-in, first-out method, or net realizable value.

*Deferred revenue and expense.* Revenue from subscriptions to *Smithsonian Magazine* is recorded as income over the period of the related subscription, which is one year. Costs related to obtaining subscriptions to *Smithsonian Magazine* are charged to income over the period of the subscription.

The Institution recognizes revenue and charges expenses of other auxiliary activities during the period in which the activity is conducted.

*Works of art, living or other specimens.* In accordance with the practice generally followed by museums, works of art and living or other specimens are not reflected in the accompanying financial statements.

*Property and equipment.* Capitalized improvements and equipment purchased with Trust Funds and utilized in income-producing activities are capitalized in the current unrestricted fund at cost and are depreciated on a straight-line basis over their estimated useful lives of three to ten years.

Real estate (land and buildings) are recorded in the plant fund at cost, to the extent that restricted or unrestricted funds were expended therefor, or appraised value at date of gift, except for gifts of certain islands in Chesapeake Bay and the Carnegie Mansion, which have been recorded at nominal values. In accordance with the practice of many museums, depreciation on buildings is not recorded.

All other land, buildings, fixtures and equipment which were principally acquired with federal funds are not reflected in the accompanying financial statements.

*Government contracts.* The Institution has a number of contracts with the U.S. Government, which primarily provide for cost reimbursement to the Institution. Contract revenue is recognized when billable or received.

*Contributed services.* A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the Institution's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

## 2. *Related activities*

The Trust Funds reflect the receipt and expenditure of funds obtained from private sources, from federal grants and contracts, and from certain business activities related to the operations of the Institution.

Federal appropriations, which are not reflected in the accompanying financial statements, provide major support for the operations and administration of the educational and research programs of the Institution's many museums, art galleries and other bureaus, as well as for the maintenance and construction of related buildings and facilities. In addition, land, buildings and other assets acquired with federal funds are not reflected in the accompanying financial statements.

The following federal appropriations were received by the Institution for the fiscal years ended September 30, 1980 and 1979:

	1980	1979
Operating funds .....	\$107,764,000	\$100,265,000
Special foreign currency program .....	4,200,000	3,700,000
Construction funds .....	32,100,000	6,575,000
	<u>\$144,064,000</u>	<u>\$110,540,000</u>

The Institution provides fiscal and administrative services to several separately incorporated organizations in which certain officials of the Institution serve on the governing boards. The amounts paid to the Institution by these organizations for the aforementioned services, together with rent for Institution facilities occupied, etc., totaled approximately \$370,000 for the year ended September 30, 1980. The following summarizes the approximate expenditures of these organizations for the fiscal years ended September 30, 1980 and 1979, respectively, as reflected in their individual financial statements and which are not included in the accompanying financial statements of the Institution:

	1980	1979
Smithsonian Science Information Exchange .....	\$3,310,000	\$3,293,000
Reading Is Fundamental, Inc. ....	\$7,721,000	\$4,042,000
Woodrow Wilson International Center for Scholars—Trust Funds .....	\$2,583,000	\$2,306,000

The Institution is continuing to work with the U.S. Department of Commerce to effect a transfer of the Smithsonian Science Information Exchange operations to the U.S. Department of Commerce. Pending completion of this transfer, the Institution will continue to provide fiscal and administrative services.

### 3. Investments

Investments are recorded at cost, if purchased, or at fair market value at date of acquisition, if acquired by gift. At September 30, 1980, investments are composed of the following:

	Carrying value	Market value
Current funds:		
Certificates of deposit .....	\$ 4,219,219	\$ 4,219,219
Commercial paper .....	4,551,390	4,500,000
Overnight money market account .....	2,175,000	2,175,000
U.S. Government and quasi-government obligations .....	10,614,071	10,304,780
Common stock .....	169,280	97,346
Preferred stock .....	56,347	39,948
	<u>21,785,307</u>	<u>21,336,293</u>
Endowment and similar funds:		
Loan to U.S. Treasury .....	\$ 1,000,000	\$ 1,000,000
Commercial paper .....	850,000	850,000
U.S. Government and quasi-government obligations .....	9,508,399	9,385,439
Corporate bonds .....	3,112,793	4,274,931
Common stock .....	48,715,240	61,606,964
Preferred stock .....	721,525	758,250
	<u>63,907,957</u>	<u>77,875,584</u>
	<u>\$85,693,264</u>	<u>\$99,211,877</u>



Substantially all of the investments of the endowment and similar funds are pooled on a market value basis (consolidated fund) with each individual fund subscribing to or disposing of units on the basis of the value per unit at market value at the beginning of the month within which the transaction takes place. Of the total units, each having a market value of \$136.08, 350,359 units were owned by endowment and 217,896 units were owned by quasi endowment at September 30, 1980.

The following tabulation summarizes changes in relationships between cost and market values of the pooled investments:

	Market	Cost	Net gains	Market value per unit
End of year .....	\$77,329,906	\$63,371,084	\$13,958,822	\$136.08
Beginning of year .....	\$65,555,748	\$57,426,159	8,129,589	119.91
Unrealized net gains for year .....			5,829,233	—
Realized net gains for year .....			1,998,957	—
Total net gains for year .....			<u>\$ 7,828,190</u>	<u>\$ 16.17</u>

#### 4. Receivables

Receivables at September 30, 1980 and 1979, included the following:

Current funds	1980	1979
Accounts receivable, auxiliary activities; net of allowance for doubtful accounts of \$251,000 in 1980 and \$258,000 in 1979 .....	\$ 8,728,065	\$7,881,683
Unbilled costs and fees from grants and contracts .....	989,722	658,318
Interest and dividends receivable .....	945,455	949,571
Other .....	388,242	343,528
	<u>11,051,484</u>	<u>9,833,100</u>
Endowment and similar funds		
Notes receivable .....	38,138	40,308
Total, all funds .....	<u>\$11,089,622</u>	<u>\$9,873,408</u>

#### 5. Endowment and similar funds

Endowment and similar funds at September 30, 1980, are summarized as follows:

Endowment funds, income available for:	
Restricted purposes .....	\$35,918,089
Unrestricted purposes .....	2,472,281
	<u>38,390,370</u>
Quasi-endowment funds, principal and income available for:	
Restricted purposes .....	3,592,314
Unrestricted purposes .....	22,439,628
	<u>26,031,942</u>
Total endowment and similar funds .....	<u>\$64,422,312</u>

The Institution utilizes the "total return" approach to investment management of endowment funds and quasi-endowment funds. Under this approach, the total investment return is considered to include realized and unrealized gains and losses in addition to interest and dividends. An amount equal to the difference between interest and dividends earned during the year and the amount computed under the total return formula is transferred to or from the current funds.

In applying this approach, it is the Institution's policy to provide, as being available for current expenditures, an amount taking into consideration such factors as, but not limited to: (1) 4½% of the five-year average of the market value of each fund (adjusted for gifts and transfers during this period), (2) current dividend and interest yield, (3) support needs for bureaus and scientists, and (4) inflationary factors as measured by the Consumer Price Index; however, where the market value of the assets of any endowment fund is less than 110% of the historic dollar value (value of gifts at date of donation), the amount provided is limited to only interest and dividends received. The total return factor for 1980 was \$5.00 per unit of fund participation. The total return applied for 1980 was \$2,745,992.

## 6. Property and equipment

Property and equipment is comprised of the following:

	September 30,	
	1980	1979
<i>Current funds</i>		
Capital improvements .....	\$ 1,669,476	\$ 1,342,277
Equipment .....	787,862	602,777
Leasehold improvements .....	145,229	145,229
Less accumulated depreciation and amortization .....	1,133,548	806,551
	1,469,019	1,283,732
<i>Plant funds</i>		
Land and buildings .....	12,543,726	11,920,035
Total, all funds .....	<u>\$14,012,745</u>	<u>\$13,203,767</u>

Depreciation and amortization expense reflected in expenditures of the current funds for 1980 and 1979 was \$326,997 and \$221,202, respectively.

The balance of the plant fund at September 30, 1980 includes \$3,810,063 of unexpended plant funds.

## 7. Pension plan

The Institution has a retirement plan in which substantially all Trust Funds' employees are eligible to participate. Under the plan, both the Institution and the employees contribute stipulated percentages of salary which are used to purchase individual annuities, the rights to which are immediately vested with the employees. The cost of the plan for the year ended September 30, 1980 was \$2,072,520. It is the policy of the Institution to fund plan costs accrued currently. There are no unfunded prior service costs under the plan.



## 8. *Income taxes*

The Institution is exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code. Organizations described in that section are taxable only on their unrelated business income. The Internal Revenue Service is presently considering a request for technical advice pertaining to whether income derived from several of the Institution's activities is subject to tax as unrelated business income. If the Institution's position is upheld, no tax would be imposed on this income.

It is the opinion of the Institution that it is also exempt from taxation as an instrumentality of the United States as defined in Section 501(c)(1) of the Code. Organizations described in that section are exempt from all income taxation. The Institution has not yet sought such dual status.

Management believes that any income taxes required as a result of settlement of these matters would not have a material effect upon the financial position of the Institution.







SMITHSONIAN INSTITUTION LIBRARIES



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